

of the Shipstead agricultural bill; to the Committee on Agriculture.

627. Also, resolution from the Little Falls Township United of the Morrison County (Minnesota) Farm Bureau Association, for the continuation of farm agents; to the Committee on Agriculture.

628. By Mr. KVALE: Petition of Veterans of Foreign Wars, Post No. 1562, Faribault, Minn., favoring parity of naval armaments of the United States with other countries; to the Committee on Naval Affairs.

629. Also, petition of Raymond Dewane, of Morris, Minn., favoring revaluation of the gold ounce; to the Committee on Coinage, Weights, and Measures.

630. By Mr. LINDSAY: Petition of the Associated Cooperage Industries of America, St. Louis, Mo., opposing the 30-hour week bill in the cooperage industry; to the Committee on Labor.

631. By Mr. MAPES: Petition of Grand Rapids League of Catholic Women, Grand Rapids, Mich., Mrs. E. J. Marin, chairman of legislation, protesting against the equal-rights amendment; to the Committee on the Judiciary.

632. By Mr. O'MALLEY: Memorial of the Legislature of the State of Wisconsin, urging the Congress of the United States to enact legislation requiring all shipments of coal in interstate commerce to be accompanied by a sworn statement of the shipper, specifying the percentage of the ingredients and other qualities of the coal which affect its heating value, including the British thermol units per pound when the coal is dry, the percentage of ash when the coal is dry, the percentage of sulphur when the coal is dry, and the volatile matter in the coal; to the Committee on Interstate and Foreign Commerce.

633. Also, memorial of the Legislature of the State of Wisconsin, urging the Congress of the United States to take prompt and favorable action on the farm relief bill which has been presented to the Congress by President Roosevelt; to the Committee on Agriculture.

634. Also, memorial of the Legislature of the State of Wisconsin, urging the Congress of the United States to provide the necessary machinery and credit to make possible loans to the financial institutions having frozen assets upon satisfactory collateral; to the Committee on Banking and Currency.

635. Also, memorial of the Legislature of the State of Wisconsin, urging the Postmaster General to issue a series of special stamps in commemoration of the three hundredth anniversary of the white man's discovery of Wisconsin; to the Committee on the Post Office and Post Roads.

636. By Mr. RUDD: Petition of the Associated Cooperage Industries of America, opposing the passage of the 30-hour work week; to the Committee on Labor.

637. By Mr. SMITH of West Virginia: Memorial of the Legislature of the State of West Virginia, memorializing Congress to pass such legislation as will permit the Federal Government to acquire lands on headwaters of Ohio and Potomac Rivers, for the purpose of flood control; to the Committee on Flood Control.

638. Also, memorial of the Legislature of the State of West Virginia, relating to the allocation of Federal relief funds appropriated under the Federal Reforestation and Flood Control Unemployment Relief Act; to the Committee on Flood Control.

639. By the SPEAKER: Petition of Board of Supervisors of Mason County, Ill., requesting that the garden-seed supply be allocated by the Illinois Emergency Relief Commission; to the Committee on Agriculture.

## SENATE

SATURDAY, APRIL 22, 1933

(Legislative day of Monday, Apr. 17, 1933)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

Mr. BRATTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	La Follette	Robinson, Ind.
Ashurst	Couzens	Lewis	Russell
Austin	Cutting	Logan	Schall
Bachman	Dickinson	Loneragan	Sheppard
Bailey	Dieterich	Long	Shipstead
Bankhead	Duffy	McAdoo	Smith
Barbour	Erickson	McCarran	Steiwer
Barkley	Fletcher	McGill	Stephens
Black	Frazier	McKellar	Thomas, Okla.
Bone	George	McNary	Thomas, Utah
Borah	Glass	Murphy	Townsend
Bratton	Gore	Neely	Trammell
Brown	Hale	Norbeck	Tydings
Bulow	Harrison	Norris	Vandenberg
Byrd	Hastings	Nye	Van Nuys
Byrnes	Hayden	Overton	Wagner
Capper	Hebert	Patterson	Walcott
Caraway	Johnson	Pittman	Walsh
Clark	Kean	Pope	Wheeler
Connally	Kendrick	Reed	White
Coolidge	Keyes	Reynolds	
Copeland	King	Robinson, Ark.	

Mr. REED. I wish to announce that my colleague [Mr. DAVIS] is still necessarily detained from the Senate on account of illness.

Mr. LEWIS. I wish to announce that the Senator from Washington [Mr. DILL] is necessarily detained from the Senate. I ask that this announcement stand for the day.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

### THE LATE SENATOR HOWELL, OF NEBRASKA

The VICE PRESIDENT laid before the Senate a note of appreciation, addressed to the Secretary of the Senate, from Mrs. Alice C. Howell, expressing thanks for flowers sent and courtesies extended by Senators upon the occasion of the death of Hon. Robert B. Howell, late a Senator from the State of Nebraska, which was ordered to lie on the table.

### CHAIN STORES: SALES, COSTS, AND PROFITS OF RETAIL CHAINS (S.DOC. NO. 40)

The VICE PRESIDENT laid before the Senate a letter from the chairman of the Federal Trade Commission, submitting, pursuant to Senate Resolution 224, Seventieth Congress, a report relative to sales, costs, and profits of retail chains, which, with the accompanying report, was referred to the Committee on the Judiciary and ordered to be printed.

### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the Territory of Hawaii, which was referred to the Committee on Territories and Insular Affairs:

#### Senate Concurrent Resolution 6

Concurrent resolution memorializing the Congress of the United States of America to enact legislation to provide pay and allowances for the adjutant general of the Territory of Hawaii

Whereas the act of Congress of June 3, 1916 (ch. 134, sec. 66, 39 Stat. 199), provides for the appointment of the adjutant general of the Territory of Hawaii by the President of the United States of America; and

Whereas the adjutant general of the Territory of Hawaii is an officer of the United States; and

Whereas the Congress of the United States of America appropriates annually a sum of money for the support of the National Guard of the United States: Now, therefore, be it

Resolved by the Senate of the Territory of Hawaii, seventeenth regular session (the house of representatives concurring), That the Congress of the United States of America be, and it hereby is, urgently requested to provide, by appropriate legislation or otherwise, the same pay, subsistence, rentals, and transportation for the adjutant general of the Territory of Hawaii as officers of corresponding grade of the Regular Army are or may be entitled to by law; and be it further

Resolved, That duly authenticated copies of this resolution be transmitted to the Delegate to Congress from Hawaii, the Secretary of War of the United States, and each of the two Houses of the Congress of the United States of America.

THE SENATE OF THE TERRITORY OF HAWAII,  
Honolulu, T.H., April 5, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the Senate of the Territory of Hawaii on March 31, 1933.

GEO. P. COOKE,  
President of the Senate.  
ELLEN D. SMYTHE,  
Clerk of the Senate.

THE HOUSE OF REPRESENTATIVES OF THE  
TERRITORY OF HAWAII,  
Honolulu, Territory of Hawaii, April 5, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the House of Representatives of the Territory of Hawaii on April 5, 1933.

HERBERT N. AHUNA,  
Speaker House of Representatives.  
EDWARD WOODWARD,  
Clerk House of Representatives.

The VICE PRESIDENT also laid before the Senate a letter from Charles M. Thomas, chairman committee on economics, Federation of Civic Associations of the District of Columbia, relative to proposed curtailment of appropriations for the public schools of the District of Columbia, which was referred to the Committee on Appropriations.

He also laid before the Senate two petitions signed by 40 citizens of the State of Louisiana, praying for a senatorial investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which were referred to the Committee on the Judiciary.

He also laid before the Senate 2 memorials and 6 letters and 2 telegrams in the nature of memorials, signed by 1,480 citizens of the State of Louisiana, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

Mr. ASHURST presented the following memorial of the Senate of the State of Arizona, which was referred to the Committee on Banking and Currency:

Senate Memorial 2

To the Senate and House of Representatives of the Congress of the United States:

Your memorialist, the Senate of the Eleventh Legislature of the State of Arizona, respectfully represents:

Whatever its origin, the economic depression from which the Nation is suffering owes its continued existence to the withdrawal from circulation, for reasons which will not here be reviewed, of a great portion of the national currency and of the various forms of money credit.

This shortage of currency and of money credit must be relieved before prosperity can return.

There must be an expansion of the Nation's circulating mediums of exchange—an expansion which will not increase the burden of taxation.

The bonded debt of the United States, in round figures, is \$21,000,000,000, an indebtedness which is costing the taxpayers approximately \$1,000,000,000 per annum.

It is withholding from circulation a vast sum of money which otherwise would be invested in employment-making, business-stimulating enterprises.

Wherefore your memorialist urges that the Congress enact legislation (and the submission of a constitutional amendment if necessary) looking to an increase of the national currency in the amount of the national bonded debt; that a date be fixed on which the interest on United States bonds will cease, and that the new currency be employed in the retirement of all such bonds; and your memorialist submits that while saving the taxpayers a billion dollars annually in interest, such action will release the stupendous sum now being hoarded through investment in Government bonds, for investment in lucrative private enterprises, and start into forward motion the endless chain of circulating wealth which inevitably brings prosperity.

And your memorialist will ever pray.

Adopted by the Arizona State Senate Eleventh Legislature, March 12, 1933.

W. J. GRAHAM, Secretary of Senate.

Mr. JOHNSON presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Agriculture and Forestry:

Assembly Joint Resolution 24 relative to memorializing the Congress of the United States to enact a moratorium on foreclosures of real-property mortgages and on sales under deeds of trust on real property

Whereas a period of depression exists in the State of California, throughout the United States, and the world, accompanied by general inability to procure loans from any source; and

Whereas in several States legislation providing temporary relief from foreclosure and sale of homes and farms, subject to a mortgage or deed of trust, has been enacted or proposed; and

Whereas in the present emergency it is imperative that the home and farm owners throughout the United States be afforded adequate relief from foreclosure and sale of their homes and farms subject to a mortgage or deed of trust; and

Whereas it lies within the power of the Congress to enact relief legislation; and

Whereas in various parts of the United States force and intimidation have been and are now being employed to prevent fore-

closure of mortgages on real property and sales under deeds of trust on real property: Now, therefore, be it

*Resolved by the Assembly and Senate of the State of California, jointly,* That the Legislature of the State of California most respectfully urges and petitions the special session of the Seventy-third Congress to enact legislation declaring a moratorium in respect to the sale of farms, dwelling houses, and outbuildings, whether on execution, under power of sale contained in a mortgage or deed of trust, or in an action for the recovery of a debt or the enforcement of a right secured by mortgage or other lien; and be it further

*Resolved,* That the Legislature of the State of California requests the honorable Senators and Representatives in the National Congress representing this State in the Senate and House of Representatives of the United States to use every honorable means to secure the enactment of such legislation; and be it further

*Resolved,* That the chief clerk of the assembly be, and he is hereby, directed to send copies of this resolution to the President of the Senate, the Speaker of the House of Representatives, and to each Member of the Senate and House of Representatives from the State of California.

Mr. JOHNSON also presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Foreign Relations:

Assembly Joint Resolution 9, relative to memorializing Congress to adopt legislation with reference to manufacture of arms, munitions, and implements of war

Whereas one of the main causes for the maintenance of large military and naval establishments, and which is a standing menace to peace between nations, is to be found in the fact that patent rights on and the manufacture of arms, munitions, and implements of war are in the hands of international combinations of capitalists, who sell their products indiscriminately to the governments of the world and promote the sale of such products by arousing and encouraging feelings of national prejudice and jealousy and by employing the press and the officers of the Army and Navy to produce periodical war scares in different countries; and

Whereas this menace to international peace can be eliminated and the ultimate disarmament promoted by having the Government manufacture its own equipment and articles used for war purposes: Now, therefore, be it

*Resolved by the Assembly and Senate of the State of California jointly,* That the Legislature of the State of California earnestly memorializes and petitions Congress to enact legislation to the end that all patent rights for arms, munitions, and other equipment to be used for war purposes should be acquired by the Government; and be it further

*Resolved,* That in order to obtain international acceptance of the intent and purpose of this resolution we respectfully urge that the President of the United States, by appropriate means, have this subject matter presented at future international disarmament conferences; and be it further

*Resolved,* That the chief clerk of the assembly is hereby directed to transmit forthwith upon its adoption to the President of the United States and to the Senators and Members of Congress of the State of California.

RELIEF OF UNEMPLOYMENT—GRANTS TO STATES

Mr. COPELAND. Mr. President, I ask that there may be printed in the body of the Record and referred to the Committee on Banking and Currency a telegram which I have just received from the mayor of the city of New York calling attention to the unemployment situation.

There being no objection, the telegram was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

NEW YORK, N.Y., April 21, 1933.

Senator ROYAL S. COPELAND,

Senate Chamber, Washington, D.C.:

The city of New York, through its taxpayers and citizens, has responded most generously to the cause of unemployment relief during the past 3 years without stint or reluctance.

The citizens' relief groups and private agencies have expended almost all of their resources and are experiencing difficulty in carrying on this great work.

The city's emergency home- and work-relief operations are caring for over 200,000 families, which is steadily increasing. As a matter of fact, the increase in the number seeking and receiving relief from public funds has increased over 100 percent during the past 4 months. Fifty-five thousand new family applications are being received monthly through the home-relief bureaus. Public-relief expenditures have increased 80 percent during the past 6 months. The usual public relief extended by the city, such as child welfare, veteran relief, care of the blind, dependent children, health, hospitals, etc., is not included. Emergency funds being expended through public agencies, New York City, at the present time is \$7,000,000 per month.

Relief to the unemployed has now become a matter of serious concern insofar as the city of New York, and I believe other municipalities, are concerned, and not only is it a matter of assistance to the municipalities from State governments but it is a mandate on the Federal Government to place all resources possible to aid



the municipalities. The Lewis-Wagner bill, now before the House and Congress, providing for the appropriation by the Federal Government of \$500,000,000, should be expedited and enacted into law at the earliest moment, and I would suggest the following amendments:

The bill provides that \$250,000,000 shall be made in grants to States and municipalities on a 1-to-3 basis. I would respectfully recommend that the bill be amended to have the grants to States made on a 1-to-2 basis. This amendment would give the State and city of New York a better opportunity for the raising of its funds through taxation.

JOHN P. O'BRIEN, Mayor.

Mr. WAGNER presented a telegram from Hon. John P. O'Brien, mayor of the city of New York, identical with the above telegram presented by Mr. COPELAND, which was referred to the Committee on Banking and Currency.

#### 6-HOUR DAY, 5-DAY WEEK—DETROIT REFERENDUM

Mr. BLACK. Mr. President, I desire to ask unanimous consent to insert in the RECORD a copy of the initiatory petition to the council of the city of Detroit referendum to vote in that city on the 30-hour week for motormen, conductors, and coach operators of the department of street railways.

I desire to call attention to the fact that the petition was circulated January 18, 1933, and 48 hours later sufficient signatures were obtained. On January 21 there were 16,500 signatures on the petition. On January 25 the council placed it upon the ballot; on March 6 it was voted upon, and the vote for the ordinance was 51,941 and against the ordinance 26,747.

There being no objection, the referendum petition was ordered to lie on the table and to be printed in the RECORD, as follows:

#### INITIATORY PETITION

To the honorable the Common Council of the City of Detroit:

We, the undersigned, being qualified electors of the city of Detroit, respectfully present this initiative petition and pray that the proposed ordinance hereinafter set forth be adopted by your honorable body and in case it shall not be so adopted petitioners further pray that it be submitted to a vote of the electors of the city pursuant to the provisions of sections 1 to 9 of chapter II, title III, of the charter of the city of Detroit. The proposed ordinance is as follows, to wit:

An ordinance to relieve unemployment of motormen and conductors and coach operators of the department of street railways of the city of Detroit by limiting the weekly hours of work and sharing available work.

It is ordained by the people of the city of Detroit:

SECTION 1. Motormen and conductors and coach operators employed by the department of street railways of the city of Detroit shall work not to exceed 30 hours each week and shall be paid on an hourly basis.

The purpose and substance of the ordinance is:

To share available work amongst motormen, conductors, and coach operators of the department of street railways of the city of Detroit by adoption of 30-hour-week limitation with pay on an hourly basis.

This petition was circulated on January 18, 1933, and so strong was public sentiment that 48 hours later sufficient signatures were obtained.

On January 21, 16,500 signatures were filed with the city clerk—over 3,500 more than the legal requirements.

On January 25 the common council placed it upon the ballot, at the primary election on March 6, 1933, and on that day the people voted 2 to 1 in favor of it.

#### Official vote

For the ordinance..... 51,941  
Against the ordinance..... 26,747

The election was certified on March 14, 1933. City Clerk R. W. Reading declared the ordinance to be law, and effective from March 22, 1933. (See Legal News of Mar. 22, 1933.)

Mr. COPELAND. Mr. President, may I ask that there be printed in the RECORD, following the statement of the Senator from Alabama [Mr. BLACK], a letter which I have received from the mayor of Mishawaka, Ind., in reference to the Black bill.

There being no objection, the letter was ordered to lie on the table and to be printed in the RECORD, as follows:

CITY OF MISHAWAKA, IND., April 18, 1933.

HON. ROYAL S. COPELAND,  
United States Senator, Washington, D.C.

DEAR SIR: It is my recollection that you voted for the Black 30-hour week bill when it was before the Senate.

As mayor of this city, I beg to call your attention to the fact that on March 1 of this year the 6-hour day, 5-day week plan

was inaugurated in our street department, in which we employ over 50 men regularly and at times have as many as 150 extra.

So satisfactory have we found this plan that we recently extended it to the park and golf departments, and we are contemplating its extension to the water and electric departments. We find that the men make more money and do far more efficient work for the city in the 6-hour day than under the "staggering" system.

It is the writer's observation that President Roosevelt is desirous of establishing a minimum wage in connection with the 30-hour week. The wage scale to which we have steadfastly adhered allows 50 cents an hour for common labor.

It is because we believe in this plan that I am writing to commend you for the position you have taken in regard to the labor problem in this crisis, and to cite an example of the practical working, especially in municipal life, of the plan.

With assurance of my high personal regard, I beg to remain,

Yours very truly,

MASON L. PETRO, Mayor.

#### FOREIGN DOLLAR BONDS INTEREST PAYMENTS ON WHICH ARE IN DEFAULT

Mr. FLETCHER presented a statement of the American Council of Foreign Bondholders, Max Winkler, president, New York City, entitled "Foreign Dollar Bonds Interest Payments on Which Are in Default", which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

(Letter No. 26)

NEW YORK CITY, April 19, 1933.

#### FOREIGN DOLLAR BONDS INTEREST PAYMENTS ON WHICH ARE IN DEFAULT

##### PART III

Without any immediate prospects of a turn, the tide of default, which commenced in January 1931, still flows on, the latest item on the list being an issue of the Colombian Agricultural Mortgage Bank, interest on which should have been paid on April 15. News of another interest payment, missed by the same bank on the 1st of the month, came too late for inclusion in our last bulletin.

No explicit statement has been made regarding default on the Colombian Government's 6-percent bonds, but bondholders have been officially warned that it will surely be incurred unless the conflict with Peru ends speedily. However, the market took a decidedly hopeful view of this situation and advanced prices 7 points in the first 8 days of the current month, which was, perhaps, unduly optimistic, especially with regard to the January bonds, which now carry 3½ months' accrued interest.

Classification of 136 defaulted loans under heads of their respective listings shows that 78 percent of the total outstanding principal amount is for loans listed on the New York Stock Exchange; 10½ percent is for listings by the curb association; and 11½ percent is for unlisted bonds. But this ratio is changed if current market valuations are substituted. In this case we find 82 percent stock-exchange listings, 10½ percent curb, and 7½ percent unlisted.

At least 136 bond issues, on which one and a half billion dollars are outstanding, are now in default with regard to interest payments. No attempt has been made to pile on the agony. The number of issues in default can easily be increased to 150 if the several offerings of one loan were to be counted singly, as they are in some cases by the stock exchange. Certain bond issues, on which default is imminent, are not included.

Losses for all time were mostly recorded in 1932, but in some instances pertain to 1931 or 1933. A few cases in which phenomenally low prices were paid for bonds operated by accrued interest, which the market knew would be defaulted on the next coupon date, have received special treatment in this review by addition of 2 or 3 points to the quotation since, evidently, the buyer of a bond for \$20, plus \$30 accrued interest scheduled for default, is really paying \$50.

Current values for bonds which have not been sold for weeks, and for which the market quotation shows a spread of 10, 15, or more points, are not readily estimated, but such bonds generally belong to groups which have lately shown a trend indicating whether the true current market is nearer the bid or the offering price.

All figures are represented as approximate, but the picture shown, as of the first week in April 1933 is believed to be fairly accurate and usefully informative:

New York listings	Outstanding	Market valuation		Issues
		Low	Current	
Stock exchange.....	\$1,175,274,700	\$163,403,250	\$168,995,730	87
Curb association.....	153,309,000	11,065,940	21,466,570	21
Unlisted.....	170,472,800	11,634,800	15,521,290	28
Total.....	1,499,056,500	126,103,990	205,983,590	136

Total current market value of the bonds, although only 13½ percent of par, is now nearly 65 percent over the aggregate of

lows. Since little improvement in the economic conditions of defaulting countries has been registered, this more favorable rating must be attributed to a sensible realization by the market that former valuations were absurdly low and were inspired by a panicky feeling here. Moreover, since many of the inherently bad risks are still priced as low as ever, the average appreciation of the better class defaulted bonds has been much more than 65 percent. The market rating still needs adjustment, but it is closer to intrinsic values than it was last year.

Of the total outstanding, \$462,392,300, or 31 percent, is for Europe and \$1,036,664,200, or 69 percent, for America, but it should be remembered in this connection that the 3 Kreuger and 2 Russian loans account for \$219,006,000 of the European quota.

Current market value of defaulted foreign bonds listed on the New York Stock Exchange, namely \$168,995,730, compares with \$4,886,594,458, the official compilation of current market value of all foreign bonds so listed. This is less than 3½ percent, and has been instrumental in reducing the average price of the stock exchange totals to 61.24 for foreign government bonds and 51.73 for foreign company bonds.

Only two foreign bond issues in default, listed on the stock exchange, exceed \$10,000,000 in current outstanding market value, namely, Vienna 6's of 1952 and Brazil 6½'s of 1926-57, although 39 of the 87 listed issues in default are outstanding in over \$10,000,000 principal amount.

Defaulted stock exchange issues declined to 9 percent of par, and have since risen to 14½ percent. Curb foreign bonds in default fell to 7½ percent and recovered to 14 percent. Unlisted defaulted issues dropped to 7 percent and rose afterwards to 9 percent.

Current market value of the defaulted curb bonds exceeds that of the unlisted bonds by 38 percent, although there are 28 unlisted issues in default and only 21 curb issues, the outstanding par value of which is considerably lower.

A large proportion of the foreign defaulted bonds listed on the New York Stock Exchange is quoted daily in the morning and evening newspapers; a smaller proportion of those listed on the curb also receive this publicity, but the market prices of unlisted bonds can be ascertained only by tiresome inquiry for each issue by name. Even so, conflicting reports are given by different authorities, and actual sales effected are generally unobtainable.

Since few investors are familiar with statistics of the unlisted foreign bond market, the following particulars of 28 loans in default may be of interest:

Number and bond issues	Nationality	Outstanding
2 (corporate).....	Swedish.....	\$96,409,500
7 (4 banking and 3 corporate).....	Hungarian.....	18,435,500
5 (2 provincial and 3 municipal).....	Brazilian.....	16,200,800
6 (1 provincial, 3 municipal, and 2 banking).....	Colombian.....	10,405,900
1 (national).....	Greek.....	9,405,900
1 (national).....	Salvadoran.....	9,008,100
2 (1 provincial and 1 municipal).....	Argentine.....	4,804,500
1 (corporate).....	Costa Rican.....	1,700,000
1 (banking).....	Panamanian.....	1,447,500
1 (national).....	Bolivian.....	1,296,000
1 (provincial).....	Peruvian.....	1,189,000
Total principal amount outstanding.....		170,472,800

Recently, the current market value of these bonds was \$15,521,290, of which \$7,229,720 pertains to the Swedish Match loans and \$2,394,000 to the Greek Government loan, leaving only \$5,897,570 for the remaining 25 bond issues.

However, this small sum of less than \$6,000,000 represents at least \$60,000,000 paid in cash by American investors, and is deserving of such protection as might be afforded by listing somewhere.

Wars in South America are still playing havoc with government revenues which should be available for dollar bond service. The Sellier & Bellot Munition Co., of Czechoslovakia, declared a 20-percent dividend on April 10. Is that where our money is going?

The market now esteems Austrian defaulted bonds highly, and is somewhat better inclined than it was toward Hungarians, but Yugoslavia is entirely out of favor. It hardly seems possible that a 7-percent consolidated municipal bond of Hungary should be worth as much as two 7-percent national government bonds of Yugoslavia.

It is, to a certain extent, possible to account for the seeming discrepancy. Coupons of Austrian obligations, including provincial municipal, and corporate issues, may be cashed rather freely with representatives of important central European, including Austrian, financial institutions, at approximately 75 percent of the face value.

The market for coupons on Hungarian bonds varies between 35 and 45 percent of the face value, and even at these levels it is not always easy to effect transactions. While the cashing of coupons on Yugoslav bonds has not as yet been reported, the council learns, on good authority, that offers ranging up to 40 percent of the face value of the coupons in question have been made.

AMERICAN COUNCIL OF FOREIGN BONDHOLDERS, INC.,  
MAX WINKLER, President.

#### EXECUTIVE REPORTS OF THE PUBLIC LANDS COMMITTEE

As in executive session,

Mr. KENDRICK, from the Committee on Public Lands and Surveys, reported favorably the following nominations, which were ordered to be placed on the Executive Calendar:

Theodore A. Walters, of Idaho, to be First Assistant Secretary of the Interior, vice Joseph M. Dixon; and

Thomas F. Thomas, of Utah, to be register of the land office at Salt Lake City, Utah, vice Eli F. Taylor.

#### BILLS AND A JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BANKHEAD:

A bill (S. 1503) to provide for the redistribution of the overbalance of population in industrial centers by aiding in the purchase of subsistence homesteads, and for other purposes; to the Committee on Banking and Currency.

By Mr. FLETCHER:

A bill (S. 1504) for the relief of Walter J. Bryson Paving Co.; to the Committee on Claims.

By Mr. STEIWER:

A bill (S. 1505) for the relief of Thomas E. Reed; to the Committee on Military Affairs.

A bill (S. 1506) to amend the United States mining laws applicable to the Mount Hood National Forest within the State of Oregon; to the Committee on Agriculture and Forestry.

A bill (S. 1507) for the relief of J. A. Tippit, L. P. Hudson, Chester Howe, J. E. Arnold, Joseph W. Gillette, J. S. Bounds, W. N. Vernon, T. B. Sullivan, J. H. Neill, David C. McCallib, J. J. Beckham, and John Toles; to the Committee on Claims.

A bill (S. 1508) providing for the final enrollment of the Indians of the Klamath Indian Reservation in the State of Oregon; and

A bill (S. 1509) to credit the Klamath Indian tribal funds with certain amounts heretofore covered into the Treasury for reimbursement of appropriations; to the Committee on Indian Affairs.

A bill (S. 1510) to amend the act entitled "An act to adjust water-right charges, to grant other relief on the Federal irrigation projects, and for other purposes", approved May 25, 1926, with respect to certain lands in the Langell Valley irrigation district; to the Committee on Irrigation and Reclamation.

A bill (S. 1511) granting a pension to Mary E. Allen (with accompanying papers); to the Committee on Pensions.

By Mr. BONE:

A bill (S. 1512) to authorize acquisition of complete title to the Puyallup Indian Tribal School property at Tacoma, Wash., for Indian sanatorium purposes; to the Committee on Indian Affairs.

By Mr. COPELAND:

A joint resolution (S.J.Res. 45) to authorize an appropriation of \$10,000 for the expenses of participation by the United States in the Seventh International Congress of Military Medicine and Pharmacy; to the Committee on Military Affairs.

#### DEVELOPMENT OF THE TENNESSEE VALLEY—AMENDMENT

Mr. NORRIS submitted an amendment intended to be proposed by him to Senate bill 1272, the Muscle Shoals and Tennessee Valley development bill, which was ordered to lie on the table and to be printed.

#### RELIEF OF AGRICULTURE—AMENDMENTS RELATIVE TO THE CURRENCY

Mr. PATTERSON submitted an amendment intended to be proposed by him to the so-called "Thomas amendment" to House bill 3835, the farm relief bill, which was ordered to lie on the table and to be printed.

Mr. HAYDEN submitted an amendment intended to be proposed by him to the amendment proposed by Mr. THOMAS of Oklahoma to House bill 3835, the farm relief bill, which



s ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 6, lines 1 and 2, to strike out the figures "\$100,000,000" and insert in lieu thereof "\$250,000,000."

On page 6, line 6, after the word "ounce", to strike out the word, insert a semicolon and the following words: "but no such amount shall be accepted unless such government gives assurance, satisfactory to the President, that it will not melt or debase its own coins to make such payment in silver."

On page 8, after line 7, to insert the following as a new paragraph:

(g) Whenever the Government of the United States and one or more foreign governments have agreed to measures for stabilizing the price of silver, the Secretary of the Treasury, in his discretion, is authorized to sell silver now or hereafter deposited in the Treasury, or to purchase silver with silver certificates issued in the same manner as is provided in this section, for the purpose of assisting in the maintenance of such stabilized price."

#### RELIEF OF UNEMPLOYMENT—AMENDMENT

Mr. HAYDEN submitted an amendment intended to be proposed by him to the bill (H.R. 4606) to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes, which was referred to the Committee on Banking and Currency, ordered to be printed, and to be printed in the RECORD, as follows:

On page 8, after line 5, to insert the following new section:

"Sec. 8. The Reconstruction Finance Corporation is authorized and directed to make available out of the funds of the Corporation not to exceed \$50,000,000, to be used by the Administrator for the purchase of wheat which shall be delivered to the American National Red Cross, to be used for the purposes and in the manner provided in the joint resolution entitled 'Joint resolution authorizing the distribution of Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress', approved July 5, 1932. The amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered under section 9 of the Reconstruction Finance Corporation Act, as amended, to have outstanding at any one time is increased by \$50,000,000."

On page 8, line 6, strike out "8" and insert "9."

#### CONDITIONS IN CUBA

Mr. KING. Mr. President, the situation in Cuba has assumed a serious aspect. A number of Senators, including the Senator from Idaho [Mr. BORAH], have recently challenged the attention to the tragic conditions existing in Cuba. More than a year ago I presented to the President of the United States and to the Secretary of State memoranda, in which I discussed the confused and dangerous situation in Cuba, and also presented my views as to what course should be pursued in order to avert revolution. I was opposed to intervention, but believed that the situation was so perilous that a certain course should be taken to avert the coming conflagration. I deem it not improper—indeed, at the present moment entirely proper—to have the communication to the President inserted in the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The letter is as follows:

OCTOBER 9, 1930.

MY DEAR MR. PRESIDENT: I am deeply concerned with the recent trend of events in Cuba. My interest is not of recent origin but dates from a visit paid to Cuba in 1897 at the request of some of my colleagues in the House of Representatives. The Cubans had revolted against the authority of Spain, and the question was being discussed in Congress as to whether the United States would recognize the belligerency of the insurgents, intervene, or maintain neutrality. Under General Weyler shocking brutalities had been committed and the situation in Cuba was most tragic. Widespread starvation existed throughout the island, and the revolution brought a train of sorrows and evils which cannot be described.

After spending weeks in the war-stricken section of Cuba, I returned and reported conditions to my colleagues. With the aid of the United States Cuba was soon liberated from Spanish supremacy and the Cuban people thereafter established a republican form of government.

Since that time, as I have just stated, I have been deeply interested in Cuba and the Cuban people. Sometime prior to the election of General Machado in the year 1924, the Cuban Government, with the aid of the United States, prepared a measure which was later enacted into law, designated as the Crowder Electoral Code, the purpose of which was to secure a free and untrammelled exercise of the right of suffrage by the Cuban people in order that they might better maintain the representative form

of government contemplated by the Cuban Constitution of 1901. This constitution, like our own, created an executive, a legislative, and a judicial branch of government, with specific and clearly defined powers.

General Machado was elected in November 1924, upon a platform pledged to a free and unrestricted right to the exercise of suffrage by the Cuban people. On December 20, 1925, 6 months after his inauguration, he caused to be enacted by the Cuban Congress a bill suspending the Crowder Electoral Code until the year 1928, thus removing many of the safeguards provided for in said code to insure honest and fair elections. This law, among other things, provided:

(a) For the repeal of article 287 of said code;  
(b) It forbade the reorganization of the existing three parties or the creating of new parties, except under the most impossible conditions;

(c) The pre-empting of the powers of the delegates to party conventions and lodging all of such powers in the executive committees of such three existing parties, as therein provided for, and abolishing primary elections.

Article 287 of the Crowder Code prohibited members of congress, persons holding public office or in the employ of the government, from acting as delegates, except where they were specifically elected by the people. This obviously salutary provision of the Crowder Code having been repealed by the act of December 20, 1925, members of congress and those enjoying public office under the Machado regime immediately assumed control of the executive committees of the three existing parties, and as a consequence thereof the entire political machinery of the government was brought under the complete domination and control of President Machado.

Under such circumstances Machado, on June 21, 1927, submitted to the Cuban Congress a project for the amendment of the constitution of 1901. This project was passed by both houses of congress, approved by the President, and published in the Official Gazette on the same day that it was submitted, to wit, June 21, 1927. The bill, as passed by congress, provided for the holding of a constitutional convention approximately 7 months after the passage and approval of the act.

This project for constitutional change so enacted by the Cuban Congress provided, among other things, for—

(a) The extension of the presidential term of office from 4 to 6 years, with no reelection, and the proroguing of President Machado's tenure for an additional period of 2 years.

(b) Abolition of the office of vice president.

(c) Increasing the membership of the senate from 24 to 36 members.

(d) Proroguing the tenure of the 24 incumbents for periods of 2 and 4 years and providing that thereafter senators shall be elected for a period of 9 years, rather than 6 years, as provided in the constitution of 1901.

(e) Extending the terms of office of the members of the house from 4 to 6 years, proroguing of the tenure of the incumbents for a period of 2 additional years.

(f) Proroguing the term of office of the incumbent provincial governors, provincial councils, municipal mayors and councils, and members of the boards of education, except the mayor and council of the city of Habana, which was to be federalized.

Delegates to the constitutional convention to be held pursuant to the above provisions were selected by the executive committees, which, as I have before stated, were largely, if not completely, composed of members of the house and senate of the Machado regime. This act aroused the opposition of a very substantial element of the Cuban people theretofore affiliated with the three existing parties, and since no reorganization of the said parties was permitted under the act of December 20, 1925, these citizens of Cuba organized the Union Nacionalista Party, which organization undertook to hold meetings for the purpose of perfecting the party organization and placing candidates in the field for election as delegates to the constitutional convention. The meetings, the evidence shows, were repeatedly broken up and dispersed by the military forces and all efforts of the members of this organization to carry out their purpose were completely frustrated. Thereafter pretended elections were held, resulting in the alleged election of delegates to the constitutional convention, all of whom had been theretofore selected by the said executive committees of the three existing parties. The convention so constituted was thereupon convened.

Article 115 of title XIV of the Cuban Constitution of 1901 contains the following unusual provision:

"The constitution shall not be amended in whole or in part except by a resolution adopted by two thirds of the total number of members of each legislative body.

"Six months after an amendment has been agreed upon, a constitutional convention shall be convened, the duties whereof shall be limited to either approving or rejecting the amendment voted by the legislative bodies, which latter shall continue in the performance of their duties with absolute independence of the convention.

"Delegates to the said convention shall be elected by each province in the proportion of 1 for every 50,000 inhabitants and in the manner that may be provided by law."

It will be observed from the foregoing provisions that the constitutional convention was limited to either the approval or rejection of the amendments submitted by the Cuban Congress. Notwithstanding this provision, however, the constitutional convention, in pursuance of the public statement made by President Machado some 4 days before the convention met, proceeded to and



did entirely change the provisions of the measure submitted by the Cuban Congress. Among the many changes so made was one which permitted the reelection of President Machado for a period of 6 years at the ensuing election of 1928. The action of the constitutional assembly was duly promulgated by President Machado without submission to the people.

President Machado then caused the Cuban Congress to pass a second measure further suspending the Crowder Electoral Code, and this measure, like the previous one, among other things, prevented the reorganization of the existing three parties, the centralization of the power of the said political organizations in the executive committees thereof, and the elimination of party conventions. Thereupon the said existing three parties, acting through their executive committees, proceeded to nominate President Machado for reelection as the alleged unanimous choice of the said three parties. At this point the Union Nationalista organization again attempted to perfect a political organization, only to be met with the same opposition, their meetings being broken up and dispersed by the military forces and the headquarters of the organization was placed under the control of a squad of soldiers.

Under these circumstances the election of November 1, 1928, was held, and although I am reliably informed that not more than 5 percent of the qualified voters cast their ballots at this election, the Machado organization reported that President Machado had been reelected by a large majority of the Cuban people. The effect of this pretended election was to maintain President Machado in power for a further term of 6 years, notwithstanding the fact that the constitution of 1901 specifically provided that the presidential term should be for a term of 4 years and that no person could hold office for more than two consecutive terms.

Inasmuch as the action of the constitutional convention was clearly in violation of the constitution of 1901, it is patent that President Machado's reelection on November 1, 1928, was in violation of the fundamental laws of the Republic, and that by reason thereof the Machado government is not and cannot be held to be, under any conceivable theory, a duly constituted government within the duly accepted meaning of this term.

It is quite evident, from a most dispassionate consideration of the policies pursued by Machado since his advent to office, that he has been actuated by but one obvious purpose, namely, to perpetuate himself in power, and to accomplish this he has subverted the entire scheme of constitutional, representative government contemplated by and provided for in the constitution of 1901.

Machado's arrogation of power has appeared to be without limit. The functions of the legislative and judicial branches of the Government have been exercised through presidential decrees contrary to the express provisions of the constitution and the Organic Act of 1909.

A large military organization has been created and maintained that has consumed from 20 to 25 percent of the total national revenue, while at the same time vitally necessary activities of the Government, such as public health, sanitation, education, and agriculture have been neglected.

External loans have been negotiated entailing the imposition of extremely burdensome taxes upon a people already overtaxed. These loans have been made ostensibly to carry forward so-called "public-works projects", many of which, however, were nonessential, such as the new capitol building that, to date, has required an expenditure of a sum in excess of \$20,000,000.

Cuba, with the end of the first half of the current fiscal year, will have an accumulated deficit of some \$50,000,000, with no possible means of liquidation, and a rapidly descending revenue under budgetary estimates.

The right of free speech and lawful assembly have been abolished, and a government adequate for the protection of life, liberty, and property, as contemplated by the Platt amendment and the subsisting treaty with the United States, is no longer existent. Labor has been denied the right of organization and the wages of the laborer reduced to a starvation level largely as the result of governmental interference.

This situation was brought to the attention of the American public by an investigation conducted by the American Federation of Labor officials as far back as 1927, and subsequently confirmed by numerous impartial investigations, such as that conducted by William English Walling as set forth in an article appearing in the May issue of Current History of this year, and of Prof. Albert Bushnell Hart, of Harvard University, in an article set forth in the January issue of Current History of this year, and by the Foreign Policy Association in an extensive report published in 1929.

President Machado, as shown by the investigations just mentioned and repeatedly confirmed to me by members of the Cuban Congress, has been able to bring about this dictatorship by the diversion of a very substantial portion of the revenues of the national lottery, amounting to several millions of dollars annually, and by the ruthless employment of the military forces of the nation as an instrumentality of intimidation and coercion. He now proposes to further perpetuate his unconstitutional regime by the oncoming election of November 1 next, at which time there will be elected two thirds of the membership of the Senate for a period of 9 years and one half of the membership of the House of Representatives for a period of 6 years. On the information which has come to me from numerous reliable sources, I am convinced that this pretended election is opposed by the vast majority of the voters of Cuba, who are prevented from expressing their will by virtue of the illegal acts of the Machado regime

hereinbefore referred to. It is this situation that has precipitated the recent alarming disturbances that have occurred in the island. In my opinion, our Government has not been fully advised as to the deplorable conditions in Cuba, nor has it had cognizance of the tyranny and oppression of the Machado regime and of the methods employed by Machado to suppress liberty and to bring the people under his despotic rule. As I have indicated, there is no freedom of speech or of the press. Any criticism of the Machado administration is prohibited, newspapers are suppressed, and those who have spoken in favor of constitutional government have been driven from the island or have been imprisoned. In my opinion, the Machado government would have been overthrown some time ago had it not been for the feeling fostered by Machado that he was supported by the United States and that the military arm of the latter would protect his administration.

The relation of the United States to Cuba because of the provisions of the Platt amendment is unique and somewhat extraordinary. If it were not for these provisions there would be no duty resting upon the United States to interfere in the domestic affairs of Cuba. The United States has intervened upon two different occasions since 1903, basing its intervention upon what were construed to be obligations arising under the Platt amendment. If there is any obligation upon the United States to maintain in Cuba a government "adequate for the protection of life, liberty, and property", then it would seem that when a situation exists such as we find in Cuba today—a condition under which there is no liberty and where a despotic and tyrannous dictatorship is regnant—the United States should, at least, indicate that it is not giving encouragement to or support of such despotic rule and would look with disfavor upon any policy destructive of constitutional government and which denies liberty and justice to the Cuban people.

Indeed, it might and perhaps should go farther, in view of the transcendent importance of the election called for November 1, 1930, and indicate that it does not approve of any plan which designed to frustrate the will of the people and deny them the right to select and vote for persons to represent them in the Cuban Congress.

In my opinion, if the people of Cuba were permitted to hold a free and fair election in November next and were given to understand that the United States would not intervene to perpetuate the Machado regime, the revolutionary movement now gaining headway would subside and peace would be restored. However, with martial law prevailing, constitutional guarantees suspended, the people subjected to intimidation and terror, men of influence and standing in whom the people have confidence imprisoned or driven into exile, and the freedom of speech and the press destroyed or denied, a free and fair election is not possible, and forces will be created that will culminate in revolution.

I had the honor, upon a number of occasions, to invite the attention of your predecessor and of the State Department to the unsatisfactory conditions in Cuba, and took the liberty of suggesting that the confidence placed in Machado was not justified, and the more than friendly support, moral and otherwise, given him by this Government would strengthen his ambitions for power and eventuate in a train of evils which might involve the United States. The rule of Machado will inevitably result in social and political disturbances ending in revolution. A revolution in Cuba would be most unfortunate. It would result in the loss of life and the destruction of property and would add to the woes now visited upon the Cuban people.

Cordially and sincerely,

WILLIAM H. KING.

The PRESIDENT,  
The White House.

#### PROPOSED EMBARGO ON MUNITIONS SHIPMENTS.

Mr. SCHALL. Mr. President, I ask leave to have printed in the RECORD statements of members of the Foreign Relations Committee, appearing in the Washington Herald of April 19, in reference to the arms-embargo resolution, House Joint Resolution 93, which is now before the Senate Foreign Relations Committee.

I also ask leave to have printed in the RECORD a letter from John Bassett Moore to Representative FISH; also an editorial from the Washington Herald of April 19, 1933, regarding the same resolution.

Mr. President, this resolution involves three grave consequences:

First. It involves the constitutional question of Congress delegating its war-making power to the Executive.

Second. It involves the violation of our Federal policy of neutrality.

Third. It is, in effect, an authorization of intervention in a conflict between nations.

Judge Moore points out that a country that ships arms and munitions of war to one country, while denying such shipments to another, is by international law an actual participant in war on the side of the country to which it sends munitions.



It is an act of intervention which denies neutrality. In other words, we have declared ourselves a party to the war, and are involved in that war and subject ourselves to the retaliatory attacks of the country which we seek to penalize.

In passing such resolution, therefore, the jurist finds we are abandoning our American policy of neutrality set up by Washington and Jefferson. We are jeopardizing our Monroe Doctrine. We are authorizing "entangling alliances." We make ourselves the cat's-paw of Great Britain, which urges this neutrality violation on us without daring to do itself what it asks of us. We, in fact, give the Executive a carte blanche to involve us in war under the pretense of aiding peace. We pass to the Executive the war power which the Constitution granted Congress. We become a rubber stamp, and abdicate our sworn duty as representatives of the people to protect their sons from war.

Even a party majority in full power does well to think twice before committing the country to an international policy condemned by our leading jurist as an abandonment alike of the neutrality law of nations and the American policy since Washington.

There is another phase of the question which we who sit in this Chamber may do well to consider. I refer to present cloak of concealment of facts, and the likely public charge that we are passing a resolution under false pretenses.

As I called attention here on March 3, 1933, during the past 15 months we exported to Japan alone over \$100,000,000 worth of war materials to be converted over there into arms and ammunition—though we shipped in 1932 to all countries, Japan included, only a paltry \$1,668,000 worth of finished arms and ammunitions, subject to the proposed resolution.

War powers have their own gun and munition plants. What they want of us is the raw or semimanufactured materials.

It is the weak country, the people without gun and munition plants, that need arms and ammunition.

This resolution puts us in the position of helping the war power, while choking the weak country and making it a prey to war of conquest—the very thing that is now happening with Wall Street financing the deal with "dollar bonds" and war supplies, and London and Paris as partners in the spoils.

American branch banks in Japan and Manchuria, and Japanese branch banks in Wall Street, are handling the business—while we pass the whitewash brush called an "embargo" on arms to protect the peace of the world.

American branch factories and utilities, with a direct capital investment of \$60,000,000 in Japan—as revealed by the Commerce Department—are doubtless at this moment busy converting American materials shipped to Japan into arms and munitions for Japanese warfare, while employing Japanese labor.

The "dollar bond" issues of Japan to the amount of nearly \$400,000,000, floated by American private bankers and trust companies, are listed on the New York Stock Exchange to invite American investors to be partners of Japan in its war of conquest. You may read the quotations on these Jap "dollar bonds" in your morning and evening paper.

This resolution is the whitewash brush. We pose for peace by making Congress do the whitewash act. We pose for peace, while all our financial activity is in aid of war. Then we turn over to the Executive the constitutional franchise, delegated to us by the founding fathers, and thereafter have nothing to say.

If this resolution is passed it will develop some job in explaining to our constituents the abdication of our congressional responsibility. It seems to me the old way is preferable to the new—to refuse to "pass the buck" of responsibility under the Constitution—to refuse to depart from the neutrality doctrine of America—to make no excuses, because we will then have nothing to excuse. A plain statement of the facts is better any time than concealment.

We will not have to say that we passed a "peace resolution" and then shipped 90 percent of our export lead to Japan to conquer China; that we "ducked" our constitutional duty and gave the President power to send our sons to war.

Prohibition of the shipment of arms to filibustering parties, financed by private capital such as Wall Street, would be justifiable. Such power, however, already resides in the Executive, it appears, as when the Government in our early history stopped an alleged filibustering expedition supposed to have been undertaken by Aaron Burr.

But the joint resolution, House Joint Resolution 93, which passed the House and is now before the Senate, does not deal with private individuals or expeditions, but with "a dispute or conflict between nations."

It prohibits at the President's pleasure shipments of "arms or munitions of war from any place in the United States to such country or countries."

It deals with warring "countries" and not with private parties or filibusters.

And on that, our leading international jurist, John Bassett Moore, plainly tells Congress:

The prohibition of the neutral government itself to supply arms and munitions of war is based upon the unquestionable fact that the supply of such articles to a fighting force is a direct contribution to its military resources, and as such is a participation in the war; and, if a government does this, it virtually commits an act of war.

Listen again to Jurist Moore, in direct reference to the resolution now before the Senate:

The pending resolution is, I do not hesitate to affirm, opposed to the settled policy and the highest interests of the United States, also to the provisions of our Federal Constitution.

This resolution is based on the League of Nations' so-called theory of "war to end war." The League of Nations dares not put into practice its own theory, but says: "Let Uncle Sam do it."

Great Britain dares not itself violate the neutrality law of history by adopting this embargo, but says: "Let Washington do it."

And the White House says: "O.K., if we can make Congress responsible for the act."

Congress, therefore, is to authorize the United States to adopt the League of Nations policy of "war to end war", which the League dares not enforce itself. We are to be the blind tools of Great Britain and authorize intervention in "conflict between nations", which Great Britain has not the courage or candor to undertake.

We are to do this against the neutrality policy of 140 years of American history. We are to authorize "foreign entanglements" against the warnings of Washington and Jefferson. We are to desert our sworn fealty to the Constitution to serve the League, to which we do not belong, and to serve Great Britain, from whom we declared our independence in order to become a nation.

Is American neutrality a thing of the past, as now in effect declared? Is the Constitution dead, as between Wall Street and London? Furthermore, is the Constitution dead as between Congress and the people of the United States?

Finally, is this a clever ruse to commit us to the League and its allied powers in fact, though not in name, by a joint resolution of Congress supporting the League's basic creed of "war to end war"—with the United States authorizing the policy of war under a cloak of peace?

The VICE PRESIDENT. Is there objection to the request of the Senator from Minnesota to print in the RECORD the papers referred to by him.

There being no objection, the papers were ordered to be printed in the RECORD, as follows:

JOHNSON OPENS FIGHT TODAY ON ARMS EMBARGO—ROBINSON OF INDIANA AND LEWIS TO JOIN DETERMINED DRIVE TO PREVENT SENATE ACTION

A small but determined group in the Senate Foreign Relations Committee yesterday prepared for a finish fight against the administration's arms-embargo resolution.

The battle will start today, when the measure, which already has passed the House, comes up for consideration in the committee.



## JOHNSON TO LEAD

The fight will be led by Senator HIRAM JOHNSON, Republican, of California, who has support of Senator LEWIS, Democrat, of Illinois, and Senator ARTHUR R. ROBINSON, Republican, of Indiana.

ROBINSON said:

"This confers an extraordinary power on the President of the United States. It is a power never given to a President in our history.

"Even in this day of dictators no dictator has the absolute power to declare war or peace. I will fight this proposition because I believe it will involve us in war and I do so without consideration of the political party to which the President belongs."

## LEWIS PREDICTS WAR

LEWIS said:

"I am against it. I fought it before the Foreign Relations Committee of the Senate when it was first considered here.

"I am unwilling that other countries should have the power to dictate to the United States, particularly when the warring nations can involve us in matters which are of no concern to us.

"Warring nations should not be permitted to have the power to interfere with the orderly shipment of supplies by this Nation. The proposed embargo power would surely lead us into wars."

NEW YORK, N.Y., March 27, 1933.

The Honorable HAMILTON FISH, Jr., M.C.,  
Washington, D.C.

MY DEAR MR. FISH: Although I am unable to appear at the hearing on the so-called "arms-embargo resolution" on March 28, I feel it to be my duty to write you a few lines on the subject. I will first state the objection to the proposed measure as it stands, and will then point out how it may readily be made to conform to international law.

It will soon be 20 years since the outbreak in Europe of what eventually became known as the "World War." Following that unfortunate event there developed, in the ordinary course of things, a war madness, manifested in the exaltation of force, and the belittling of the enduring legal and moral obligations which lie at the foundation of civilized life. Peaceful processes fell into disrepute. We began to hear of the "war to end war"; and pacifists, enamored of this shibboleth, espoused the shallow creed that international peace could best be assured by the use of force or threats of force. We were told that preexisting international law had suddenly become obsolete, and that the world had entered upon a new era in which the general tranquillity was to be maintained by "sanctions", by boycotts, and by war. But the final stage was reached in the spawning of the notion, now rampant, that peoples may with force and arms exterminate one another without breach of the peace, so long as they do not call it war. This may appropriately be called the stage of bedlam. In all this, however, students of history will find nothing new. The development of such manias normally characterizes the progress of a great war, just as their decline marks the return to sanity.

To the final stage to which I have referred belongs the supposition that the law of neutrality no longer exists, and that in future there will be no more neutrals. It is on this theory that the proposed resolution is essentially based. It is true that the resolution does not in terms say so; and it is equally true that less is just now said about this phase of the subject than was said not long ago. But it is only on this theory that the sweeping terms of the resolution can be defended.

As a lifelong student and administrator of international law, I do not hesitate to declare the supposition that neutrality is a thing of the past to be unsound in theory and false in fact. There is not in the world today a single government that is acting upon such a supposition. Governments are acting upon the contrary supposition, and in so doing are merely recognizing the actual fact. In the winter of 1922-23, there was held at The Hague an international conference to make rules for the regulation of the activities of aircraft and radio in time of war. The parties to this conference were the United States, France, Great Britain, Italy, Japan, and the Netherlands. I had the honor to represent the United States in the conference and to be chosen to preside over it. We were able in the end to reach a unanimous agreement, which was incorporated in a general report. An examination of this report will show that it was largely devoted to the definition of the rights and duties of belligerents and of neutrals in time of war, and that it treated as still existing the Land War Neutrality Convention, the Convention for the Adaptation of the Geneva Convention to Maritime Warfare, and the Convention Concerning Neutral Rights and Duties in Maritime Warfare, all made at The Hague in 1907. The conference by which the report was adopted took place more than 2 years after the making of the Versailles Treaty and the Covenant of the League of Nations; the various delegations, it should be needless to state, acted under the authority and instructions of their respective governments; and yet the idea that the law of neutrality had become obsolete never was suggested. So far as I am aware, not a single party to the Versailles Treaty or a single member of the League of Nations has ever actually taken the position that the law of neutrality is a thing of the past. The principal powers in the League have on occasion taken precisely the opposite position. The fact is notorious that, after the Greeks were egged on to make war on the Turks and war actually came, Great Britain decided to remain neutral in the conflict, into which Canada and perhaps some of the other self-government Dominions unequivocally announced that they would not be drawn without their consent. In other recent wars

Great Britain has pursued a neutral course. Other governments have done the same thing. No government, so far as I am advised, has repealed its neutrality laws. Those of the United States still remain on the statute books; and, if they are to be repealed, it should be done directly and not by implication or by embarking on a lawless course in the name of peace.

We hear much today of the duties of the United States as a "world power", and the supposition seems widely to prevail that we have only lately reached that eminence. I am too good an American to think so poorly of my country and its achievements. The United States has always been a world power. It acted as a world power when, on the outbreak of the wars growing out of the French Revolution, its first President, George Washington, with Thomas Jefferson as his Secretary of State, proclaimed our neutrality. It acted as a world power when, some years later, it suppressed the activities of the Barbary pirates. It acted as a world power when, in 1812, it went to war in defense of neutral rights. It acted as a world power when it proclaimed the Monroe Doctrine. It acted as a world power in extending its trade and opening up foreign countries to its commerce, as it so effectually did by peaceful processes during the Presidency of Gen. Andrew Jackson. It acted as a world power when it refused to permit the intervention of foreign nations in our Civil War. It acted as a world power when it forbade the further maintenance of the European empire set up in Mexico by French arms during our Civil War. It acted as a world power when, in the administration of President Grant, with Hamilton Fish as his Secretary of State, it brought about, through the greatest of all international arbitrations, the amicable settlement of the Alabama claims, and in so doing made a signal contribution to the further development of the law of neutrality. It is useless to continue the specification of instances. Nations, like individuals, may increase their power by combining with a due attention to their own business the extension of their friendly offices to brethren in trouble, and by conserving their militant resources for occasions when their vital interests are at stake. A nation that undertakes to meddle with every foreign disturbance is bound to become an international nuisance, to its own detriment as well as to the annoyance of other countries. Power is neither gained nor kept by such methods.

It is obvious that certain recent agitations have been and still are carried on under radically erroneous impressions as to the legal significance of the supply of arms and munitions of war to the parties to armed conflicts. The statement is often made that the trade in contraband is lawful, and the statement is also often made that such trade is unlawful. These statements may seem to be conflicting; but, when properly understood, they are both correct. Because there is much dispute as to what the term "contraband" includes, and because it has so far been deemed proper to limit the burdens to which a neutral power is subject, international law has not up to the present time required neutral governments to prevent their citizens from manufacturing, selling, and shipping contraband, including arms and munitions of war, in the regular course of commerce. Hence, in the sense that a neutral government is not obliged to suppress such trade, the trade is lawful. On the other hand, however, international law recognizes the right of a party to a war to prevent such articles from reaching its adversary, and, if it seizes them, to confiscate them. In other words, international law, treating the trade as being, in an international sense, intrinsically unneutral and unlawful, permits the parties to the struggle to inflict the penalty, and to this the trader's government cannot object. The trader conducts the business at his peril.

But, while a neutral government is not obliged to suppress the contraband trade of its citizens, it is forbidden itself to supply contraband to a belligerent, and particularly is forbidden itself either to sell or to give to him munitions of war. Neutrality, in the legal sense, embraces not only impartiality, but also abstention from participation in the conflict (Moore, Digest of International Law, vol. 7, sec. 1283, p. 863). The prohibition of the neutral government itself to supply arms and munitions of war is based upon the unquestionable fact that the supply of such articles to a fighting force is a direct contribution to its military resources, and as such is a participation in the war; and, if a government does this, it virtually commits an act of war. If it does this in behalf of one of the parties, it abandons its neutrality and is guilty of armed intervention; and if it does it for both parties, although it may be said to be impartial, it does what neither of the parties themselves can do; namely, fights for each against the other. It is not long since the United States became, through an inadvertent failure to observe these elementary principles, involved in an unfortunate incident affecting a great and friendly American country, the Republic of Brazil. Happily the intervention quickly ended, as the government in behalf of which it was committed abruptly disappeared, and in a few days we duly recognized its successor, as 15 other governments promptly did.

From the elementary principles of international law above set forth it necessarily follows that, if a government bans the shipment of arms and munitions of war to one of the parties to an armed conflict and permits it to the other, it intervenes in the conflict in a military sense and makes itself a party to the war, whether declared or undeclared.

The pending resolution is, I do not hesitate to affirm, opposed to the settled policy and the highest interests of the United States and also to the provisions of our Federal Constitution. If adopted, it would enable the President (1) to make international engagements of the most far-reaching kind at his will, without the advice and consent of the Senate, and (2) to carry us into war without the prerequisite constitutional declaration of war by Con-



gress. Perhaps it may be answered that by the proposed resolution the Senate would voluntarily abdicate its constitutional powers regarding international engagements, and that the Congress would likewise abdicate its constitutional powers regarding the declaration of war. This argument might be accepted if the Senate and the Congress could constitutionally divest themselves of their constitutional powers and commit everything to the Executive. But, as they were unwilling to do this during the so-called World War, when it was proposed to give the President complete dictatorial powers, I can only suppose that the present extraordinary agitation is due to the misleading and somewhat deafening clamor of those who, in the name of peace, would confer upon the President an unlimited right to engage in hostilities. I refrain from saying "an unlimited right to make war" only out of deference to the profound and learned authorities who assure us that war can be abolished either by calling it peace or by refraining from calling it war. This is, I may remark, a favorite notion with those who demand that the Kellogg Pact shall be equipped with "teeth" in order that it may masticate alleged "aggressors" and otherwise benignly bite and gnaw its way to universal peace and concord. Unfortunately, there are many who appear to have been infected with these confused notions, which have been so industriously propagated in the United States. But, judged by the course of the principal members of the League of Nations during the past 10 years, and by their attitude toward the hostilities lately in progress in the Far East and elsewhere, such notions appear never to have had any real charm for the responsible authorities of the countries which would have been required to make the chief sacrifices in blood, in treasure, and in tears. To say this is not to impeach their wisdom or their sincerity. It may merely indicate that, having had enough of war, they long for real peace and an opportunity to recuperate.

Should the proposed measure become a law, no gift of prophesy is required to foretell what will follow. Groups moved by interest, or swayed, consciously or unconsciously, by propaganda, will clamor at the White House and at the Department of State for the unneutral application of the ban in favor of those whom they like or approve and against those whom they dislike or disapprove. We are assured that we may trust our authorities to resist such importunities, and to refrain from doing things that would involve the country in trouble. In other words, we are told that our authorities may be relied upon to refuse to exercise the powers so sweepingly conferred upon them. This is indeed a singular argument. Couched in the language of irresponsibility, it is not only self-stultifying but also unjust. The burdens and cares resting, especially at the present juncture, upon those who administer our affairs, are already grave and harassing enough without imposing upon them the pastime of playing with war. Within the terms of the pending resolution, our Government would be asked to set itself up in rash and arrogant judgment upon the acts of other nations and on the merits of their conflicts, with a view to give or to permit military aid to one as against another. Before committing ourselves to this presumptuous program spun of the wild and flimsy fantasy that when nations fall out and fight, the question of the "aggressor", which still baffles students even of ancient wars, lies upon the surface of things and may be readily, safely, and justly determined by outsiders, of whose freedom from individual interest or bias there is no guaranty, we should reflect upon the fact that, had such a notion heretofore prevailed, we might and in all probability should ourselves have been the victim of it. As a marshaling of all the incidents would unduly prolong this letter, I will call attention to only two.

During our Civil War we were more than once menaced with the possibility of intervention, and, had it taken place, no one can say how fateful would have been the consequences. But, as an American, I share with my fellow countrymen, as members of a great and united people, the universal sense that it is well that we were not permanently divided.

On April 6, 1898, there assembled at the White House the diplomatic representatives of six great European powers, who made in behalf of their governments what was called "a pressing appeal to the feelings of humanity and moderation of the President and of the American people in their existing differences with Spain." We need not question the motives of the governments by which this remonstrance against our armed intervention was made. The President of the United States did not question their motives in his answer; but, with the conscious dignity that became himself as well as his great office, he expressed the confident expectation that the remonstrating powers would equally appreciate the effort of the United States "to fulfill a duty to humanity by ending a situation, the indefinite prolongation of which had become insufferable." Two weeks later the Congress of the United States adopted a resolution under which the Government intervened with arms. The governments that had remonstrated against this step evidently did not regard Spain as the aggressor in the unhappy controversy between that country and the United States. The implication was clearly and directly to the contrary; and according to the theory on which the pending resolution rests, the remonstrants, when the United States forcibly intervened, might appropriately have declared an embargo upon the shipment of arms and munitions to this country, while continuing to supply Spain with the implements of war. All this might, on the new theory, have been done in the name of peace; and if the United States had exhibited resentment, this might have been treated only as further proof of its malevolent and aggressive disposition. It is better to reflect on such things while the opportunity still exists. It would

be inexcusably short-sighted to assume that what has happened before will never happen again. We might also remember that our war for independence was treated by the great majority of powers merely as an act of rebellion against lawful authority. We waged the War of 1812 in support of disputed claims of national right. Many of our own people, including General Grant, have condemned our War with Mexico as an unjust aggression; but I am not aware that any of them has taken the ground that the general interest or the cause of peace would have been advanced if the powers of the world, some of which were not then themselves above suspicion, had combined their forces to oppose or to crush us.

If the real purpose back of the pending resolution is simply to prevent the United States from furnishing implements of war to those who are engaged in armed strife, this may readily be done by providing for a comprehensive, nonpartisan embargo on the shipment of arms to all countries engaged in armed strife, whether international or civil. Such an embargo would naturally be announced and imposed by public proclamation. Of this no foreign power could complain. There are already various countries which, in accordance with their laws, impose such a ban. This is entirely proper under international law. Whether such an inhibition would, without the cooperation of all other neutral nations, tend to limit the area, the destructiveness or the duration of wars is a conjectural matter on which I do not now undertake to pass. Nor do I intend to discuss the question how far such a policy may tend to render weaker nations, financially unable to maintain munitions factories of their own, incapable of asserting or of defending their rights against larger powers. Considerations such as these lie within the domain of policy. The general bans, where they exist, are based upon the belief that, as the supply of arms and munitions constitutes a military aid, it is better and safer to forbid it altogether. In imposing upon itself such a restriction a nation acts within its undoubted rights and gives no just cause for reproach.

Sincerely yours,

JOHN BASSETT MOORE.

#### EMBARGO PLAN UNWISE

Doubtless there will be—certainly there ought to be—a fight to the finish against the adoption by the Senate of any such arms-embargo resolution as that which has just been jammed through the House.

It is proposed by this resolution to authorize the President to enter into arrangements with foreign governments to prevent the shipment of arms whenever and wherever he thinks best.

No resolution dealing with such an intricate foreign problem has any place on the legislative program of this extraordinary session of Congress, which was called to relieve the emergency here at home.

Adoption of this resolution will not relieve the domestic emergency but may aggravate it by new threats of war.

But the resolution is as unwise as it is untimely, because, as Representative Beck, of Pennsylvania, pointed out:

"It seeks to vest in the President of the United States, to a large extent, the supreme issue of war and peace, for with this power his ability to implicate us in any part of the world seems reasonably clear."

As this student of the Constitution rightly contended, this resolution would empower the President, in case of war or in case of its threat, "not merely to form an alliance with other powers to boycott one or both of the nations involved in the conflict", but also to select "which of the two warring nations he regards as the aggressor and which this Nation will favor by allowing munitions of war to be sent by our citizens, and which it will discriminate against."

By the Federal Constitution the power to declare war is placed with the Congress. There it should remain.

And the way to keep the power to make war where the Constitution put it is to reject outright the arms-embargo resolution which the House has approved and sent to the Senate.

The American people look to their Senators in Congress, Democrats and Republicans alike, to hold this unwise and untimely proposal in the Committee on Foreign Relations until the Congress meets in regular session next January.

Then there will be ample time to subject this un-American provocative and dangerous proposal to that careful study and ample debate which will expose the reckless folly of this latest attempt to lure the United States into a war-breeding alliance with foreign powers.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H.R. 4606) to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes, in which it requested the concurrence of the Senate.

#### EDUCATION—ADDRESS BY DR. WILLIAM F. RUSSELL

Mr. CAPPER. Mr. President, I have here a copy of a very able radio address of William F. Russell, Ph.D., LL.D., dean Teachers College, Columbia University, on April 16, 1933, on the subject of education. It is a timely and



admirable discussion of the relation of the American school system to the Government. I ask permission to have it printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD as follows:

EDUCATION A LIBERTY WE PRIZE AND A RIGHT WE WILL MAINTAIN

To discuss the place of education in the United States today, with which you are familiar, would appear at first sight to be the elucidation of the obvious. But it happens sometimes that we least understand what is closest to us. Because we have never lived under any other form of government it is possible that we take our blessings for granted; and because schools are open and well attended, it may never have occurred to us to examine what they really are trying to do.

I believe that education has played a commanding role in the life of America. I shall try to make plain what it is that makes the United States different from any other nation on earth, and how schools and colleges and teachers have helped to make it so.

It is well said that distance lends enchantment and that familiarity breeds contempt. This is natural and human. This is well illustrated in the case of the soldiers who returned from France. We know that the war was no bed of roses, and there was little pleasure in the mud of the trenches, ankle-deep in water, waiting for a high-explosive shell. Nevertheless veterans delight to recall those days. Flanders' fields glow with poppies—and with memories.

It is this same trait that colors our view of history. One of the periods of the past, most pleasant to recall, is the time when "knighthood was in flower"; and as we ride by ancient ruins of castles in Europe or stand on the turrets of the walls at Carcassonne, we see visions of happy knights and nobles, minstrels and magicians. Those were the days of romance.

But if we take off our rose-colored spectacles, and reconstruct in our imaginations what we know to be the truth, those were actually days of discomfort and distress. The castle was uncomfortable. Windows without glass were covered by tapestries to keep out the cold. There was grime and filth, disease, and lack of sanitation. Uncomfortable as conditions were, the people could be happy if there were order and quiet.

But why else were the castles perched high on the hills or hidden in the swamps? Only to give protection against hostile invasion. We complain today of bandits in Mesopotamia, or Macedonia, or Manchuria, or Manhattan; we are distressed by disorder; but in the days of old when knights were bold, every journey required an escort; travel and trade were prosecuted at grave personal risk; and war prevailed almost all the time.

This state of affairs drove men into fortified castles for their self-protection, and once inside the walls you can readily understand that they had to submit to the will of the lord. Each did as he was told. The farmer, the woodchopper, the shepherd, no matter how hard he worked, had to give up the lion's share of what he produced. He could eat and sleep, but he had few rights, and what was worse, there was no chance for him to do anything different—not for him or his children. The few at the top had all the privilege; the great mass had only to slave and obey.

In general, this was the sort of life lived by most of your ancestors and mine since the beginnings of history. Chained to the station of birth, the doors of opportunity shut, insecure as to life and property, your ancestors and mine longed for the day to come when a man's life would not depend upon the whim of a tyrant, when he would be entitled to the fruits of his labor, when his children would have a chance.

The history of how we changed from that day to this is complicated. We know that the early German tribes long ago developed the rudiments of popular control; that the English barons at Runnymede wrested certain rights from a reluctant king; but the big advances toward democracy in England came during the rule of the Stuarts and Cromwell, and this was just the time when Englishmen began to settle in America. On this side of the Atlantic we can trace the emergence of a new kind of government based upon the ideals of liberty and equality. It appeared in the first colonial agreements, it flourished in the Revolutionary War, it was written into the Declaration of Independence, it was incorporated in the Constitution, and it was developed from Washington to Jefferson and John Marshall, from Jackson to Lincoln, and down to the present day. In truth, the United States was a "new nation conceived in liberty and dedicated to the proposition that all men are created equal." For the first time in history a great people covering a wide expanse of territory had developed a government "of the people, by the people, and for the people." "We hold these truths to be self-evident, that all men are created equal, that they are entitled to life, liberty, and the pursuit of happiness, and that all governments derive their just powers from the consent of the governed."

Liberty and equality—these are the fundamental ideals of the United States.

What is liberty? Burke said that it was, first, to have the right to choose our governors; second, to have the right to cashier them for misconduct; and, third, to have the right to frame a government for ourselves.

What is equality? It does not mean that we are all alike, equally tall or short, bright or dull, rich or poor. It means that all of us shall have essentially an equal voice in our Government, that we stand measurably equal before the law, and that every one of us, particularly our children, as nearly as we can provide, shall

have an equal chance to do the work in the world and render the service that his talent, industry, and character warrant. When there is equality no child is born to serve a particular master nor is he bound to the station of his birth.

I hope that the clarity of this idea will not become dimmed by generality or vagueness of words. I am trying to make plain what I think our country wants to be. Its aim and ambition have little to do with wealth and prosperity as such, with radios, bathtubs, or automobiles; with banks, mines, and oil wells; with good roads or safe harbors. These are found both in democracies and autocracies. The ideal of our country goes deeper. Our ancestors tried to put into real life the dreams of ages past. They tried to bring possibilities within the reach of hopes. To you and me they left the legacy of liberty and equality, and they came nearer to realizing these ideals on a larger scale than in any other country on earth. If you ever weary of the words "liberty" and "equality", go back to the ideas behind them; and when you become impatient or distressed with the life we lead when times are bad, ask yourself if you would like to go back to knighthood or to tyranny or slavery. You do not have to use much imagination. Think what is happening to many unhappy people in certain so-called "civilized countries" at this very moment.

America grew to love liberty and equality. There was nothing automatic about this development. It was no natural growth. Nothing is farther from the truth than the belief that the "fierce spirit of liberty" and "hope of equality" pervaded all the early settlers alike; that all the newcomers embraced these ideals, and then there ensued a process of gentle evolution. In fact, I think it can be argued successfully that just the opposite is the case; that men, when left to follow their natural tendencies, drift steadily into despotism, and that equality is foreign to all the instincts of man. No; there was nothing unconscious about the development of American ideals. Liberty and equality were bought at the price of great effort and sacrifice.

What happened, was roughly, this: Most of the colonies were settled under grants by the King to favored individuals. This put a ruling class in power at the start. These large landowners imported the poor, the humble, the destitute to work for them. Class lines were sharply drawn. The rich exploited the poor. Even in the colonies like Plymouth, which started with everybody poor and nearly equal, distinctions of class and caste came only too soon. As a colony grew older, it tended to become less democratic. Liberty and equality would have vanished from the American scene had not two factors operated. The first of these was the frontier constantly extending into the West. The seaboard might lie in the clutches of royal governors and wealthy landowners, but on beyond, at the edge of the Indian country, there was a chance for the man of no wealth; and into these settlements went those enticed by ideals of democracy or driven by a sense of oppression. The second factor was the presence of fearless and humane analysts of our social order, men like Samuel Adams, Thomas Paine, and Jefferson who hesitated neither to preach nor to complain. By the patriots on the seaboard, by the democratic communities in the backwoods, stimulated by stupidity of English misrule, the struggle for liberty and equality was maintained. Often there was a period of quiet. Occasionally there was a recession as there has been in these recent years. But the struggle went steadily on. Never was it a quiet growth. Never was it a mere exercise of the suffrage. It was a constant and bitter fight.

One of the best illustrations of this struggle for freedom and equality in the United States is found in the history of our education. You know, of course, in certain colonies education developed rapidly. By 1650 Massachusetts had an excellent school system, and Maryland almost at the start led the way in its educational organization. But did you know that from the early days until 1825 there was almost a steady decline? By 1800 our education was at its lowest ebb. The wealthy sent their sons to private schools; a few charity schools were maintained for pauper children; the rest had no schooling at all. The story of the way in which our present system of public schools got its start should be an inspiration to us all.

You see, the United States, about the time when Washington was President, began to go through the industrial revolution. Prior to this the bulk of the manufacturing (as the name implies) had been done by hand. When spinning and weaving were performed on the wheel and hand loom, the work could be done at home just as well as anywhere else. In fact, it was more advantageous so, for the weaver could run a small farm in summer, weave on rainy days and in the winter, and sell or trade the cloth himself. When Samuel Slater, who had worked in factories in England, was able to duplicate from memory the carefully guarded secrets of the power machines, he started the factory system in America. No longer could one worker compete with steam or water, and many machines could be driven as easily as one, provided they were under one roof. This meant that the worker lost his independence. No longer did he own his own loom. No longer was he his own boss. Together with many others, he became a factory hand and worked for an owner who bought the raw material, paid a wage, and sold the product. This industrial revolution put many men in the power of one; it brought country people to the city; it crowded miserable tenements; it stimulated vice, immorality, and disease; it forced miserable conditions of work and long hours of labor by men, women, and children.

James Truslow Adams, writing of these times, says:

"In collecting our help", wrote one (New England millman), "we are obliged to employ poor families, and generally those having the greater number of children." "Tending machines", wrote



another, 'did not require men, but was better done by girls from 6 to 12 years of age.' \* \* \* In one Rhode Island plant in 1801 Josiah Quincy found 100 of them at work for from 12 to 25 cents a day, there being 'a dull dejection in the countenances of all of them.' Possibly three quarters of the operatives were young women, but sometimes an entire family let themselves out. In one case, for example, a man signed a contract for \$5 a week for himself, \$2 for his 16-year-old son, \$1.50 for his 13-year-old son, \$1.25 for his daughter of 12, \$0.83 for his boy of 10, \$2.33 for his sister, \$1.50 for her son of 13, and \$0.75 for her daughter of 8." (Adams, James Truslow. *The Epic of America*, Boston, 1933, p. 131.)

On June 15, 1825, the Senate of the State of Massachusetts received a report of a survey of hours of children's labor and their opportunity for schooling. Instances were cited of 354 boys and 584 girls. Six worked only 11 hours a day, many at least 12 hours, and most from daylight to dark. Only 27 boys and 71 girls had any opportunity whatever to go to school, and even this was "for 4 weeks" or "for 8 weeks" or "for 2 months, because of lack of water", which kept the factory closed. All through the records of legislatures, patriotic societies, and labor organizations of that time are found analyses of conditions and protests and evidences of pressure upon lawmakers for the correction of evils. The committee on education of the New England Association of Farmers, Mechanics, and Other Workingmen concluded their report of April 3, 1832, as follows:

"Your committee cannot, therefore, without the violation of a solemn trust, withhold their unanimous opinion that the opportunities allowed to children and youth employed in manufactories to obtain an education suitable to the character of American freemen, and the wives and mothers of such, are altogether inadequate to the purpose; that the evils complained of are unjust and cruel; and are no less than the sacrifice of the dearest interests of thousands of the rising generation of our country to the cupidity and avarice of their employers. And they can see no other result in prospect as likely to eventuate from such practices than generation on generation reared up in profound ignorance and the final prostration of their liberties at the shrine of a powerful aristocracy: Therefore be it

"Resolved, That a committee of vigilance be appointed in each State represented in this convention, whose duty shall be \* \* \* to get up memorials to the legislatures of their respective States praying \* \* \* for some wholesome regulations with regard to the education of children and youth employed in manufactories." (Commons, J. R. *Documentary History of American Industrial Society*, Cleveland, 1910, V, pp. 198-199.)

Petitions of this kind had a powerful effect, and it was not many years until free public schools had been established in almost every industrial State, with child labor laws and compulsory attendance regulations.

Thus it is plain to be seen that the prevention of child labor and the development of compulsory education for all children was not primarily a humanitarian idea, conceived by leaders like Horace Mann and Henry Barnard, to be conferred by kindly taxpayers upon a grateful people. Rather, public education was the result of an organized demand by the people themselves. They were angry. They knew what they wanted—and they got it.

The American public school is a response to the demand for liberty and equality; and every added offering and every educational improvement has its origin there. Kindergartens and libraries, adult and physical education, teachers of music and art, school doctors, dentists and nurses, adequate equipment and fireproof buildings, free textbooks, transportation, schools for blind, deaf, and crippled, and vocational education—each was provided by representatives of our people, school-board members or legislators, because citizens demanded these opportunities for our children. None of these improvements come by natural evolution. They were the achievement of years of struggle on the part of millions of militant citizens.

Make no mistake! Teachers did not force the school system upon the American taxpayer. Teachers did not expand the educational offering. Teachers did not compel the extension of opportunities more equally to all. Teachers were merely employed to do what the public wanted; and it was the public that overpowered the miser, the exploiter, and the autocrat.

I have attempted to show the relation of the American school system to the national purpose of our country. Tenaciously, by bitter struggle, both in Europe and America, our fathers labored. The advance was not steady. There were periods of wavering, of halt, and occasionally there were recessions. But from each period of difficulty the old ideals emerged stronger than ever before.

In the midst of the present crisis we are deluged with proposals as to the way out. We hear alluring talk of fascism, communism, and assumption of governmental power by self-selected engineers and technologists. Let us be sure that we appraise all these in the light of the American ideal. President Roosevelt and the Government at Washington, in masterly fashion, are demonstrating to us and to the world that a firm hand and a clear plan can operate with respect for liberty. They know that for too many years the world has lived under tyrants. Let us also recall the ages when we lived in ignorance; and when we hear suggestions of returning to the days of the little red schoolhouse and when we see legislatures forced to question every educational offering beyond the barest minimum, let us clearly recall conditions as they were when children did not have a chance. For the

price of liberty is eternal vigilance, and public education, dear to the hearts of the American people, is a liberty we prize and a right we will maintain.

#### FARMERS' UNION LEGISLATIVE PROGRAM

Mr. THOMAS of Oklahoma. Mr. President, I ask permission to have printed in the RECORD an address delivered by John A. Simpson, president of the National Farmers' Union, over the National Broadcasting System on Saturday, April 22, 1933.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

#### LEGISLATIVE REPORT—FARMERS' UNION ACTIVE

Since our last radio talk, March 25, the Farmers' Union legislative program has received unusual recognition in the United States Senate. Our program and organization were recognized first by the Senate Agricultural Committee granting an open hearing on the farm relief bill. This lasted for 4 days. You would find a report of this hearing most interesting. I am sure you could secure a copy by writing your Senator, asking him to mail you a copy of the hearing before the Senate Agricultural Committee on H.R. 3835. A thorough study of these hearings will be worth a lot more to you than newspaper reports as to what the farm bill contains and what the Farmers' Union plan of marketing embraces.

The 5th of this month the Senate Agricultural Committee, after the conclusion of the open hearings on the farm bill, unanimously put the Farmers' Union cost-of-production plan into the bill. It is found on page 25 of the bill and entitled "Part 3."

A letter from Hon. Paul Nesbitt, of Chama, N.Mex., says that after reading the testimony of the various witnesses before the Senate Agricultural Committee on the farm bill he is not surprised that the Senate was convinced of the merits of the Farmers' Union cost-of-production plan.

Immediately after receiving a favorable report from the Senate Agricultural Committee, I sent out a call asking our members over the United States to send delegates to Washington; also to wire and write Congressmen and Senators. An avalanche of telegrams and letters came to Washington. Over 200 Farmers' Union members from 21 States were here for a week or more assisting me in my efforts to convince Members of the United States Senate the Farmers' Union cost-of-production plan should remain in the bill. We also secured conferences with the Secretary of Agriculture, Mr. Wallace, and with the head of the Farm Loan Board, Mr. Morgenthau. A committee of 5, selected from the delegation of 200, together with myself, were also granted a hearing with the President.

After several days of debate in the Senate the Farmers' Union cost-of-production amendment was adopted by a vote of 47 to 41. It was a great victory for the one farm organization that had the courage to stand for what they believed right regardless of who opposed it.

To you farmers listening in, if that is the kind of an organization you like to have represent you here in Washington, join with us and make us stronger; or if you do not believe in it, remain on the outside where you hinder what we are trying to do.

I want to take time to mention that our members in Ohio, Michigan, and Pennsylvania, where they have self-organized as a result of these radio talks, were well represented here in Washington and did splendid work in behalf of the National Farmers' Union legislative program with their Senators and Congressmen.

My own home State, Oklahoma, sent the largest delegation, 46. The best recommendation that I can bring to any audience is the fact that for 14 years the Oklahoma State Farmers' Union in their annual conventions each year elected me their president, and always respond to every request I make as national president.

It is to the credit of anyone to gain the approval of strangers, but it is doubly true of he who has the approval of his home folks.

While the delegates were here in Washington they also did effective work on the Frazier bill and the Wheeler bill. I am sure their work was a factor in the Wheeler bill receiving 33 votes in the Senate on the 17th of this month. About 60 days ago, in the last session of Congress, in a test vote it only received 18. The Wheeler bill provides for the remonetization of silver and is known as "S. 70."

In all our contacts with Members of the House and Senate, and we had meetings in which as many as 48 Congressmen and Senators attended, we thoroughly impressed on them that the Farmers' Union is against all bond issues. We consider it almost a crime for this Government to issue bonds and pay bankers interest every time the Government needs money. We are firmly convinced that if it is safe for the Government to sign an interest-bearing obligation, it is much safer to sign a United States Treasury note than that is a noninterest-bearing obligation.

#### THE FARM RELIEF BILL

They tell you the farm organizations sponsored the administration's farm relief bill. I shall give you some first-hand information and let you draw your own conclusions as to whether those who wrote the bill were real representatives of the farmers of this Nation.

On page 8 of the hearings before the Committee on Agriculture of the United States Senate on H.R. 3835, Secretary of Agriculture Henry Wallace gave the committee the list of names of those who



wrote this bill. I find he gives 34 names. I do not have the time to give you all of these names and tell you who they are. I shall only give you a few of the most prominent ones.

First, I find that great farmer, Mr. E. F. Creekmore, who labors for the American Cotton Cooperative Association at a meager salary of \$75,000 per year, either getting his pay out of the taxpayers of the Nation or the 5-cents-per-pound cotton turned in by the farmers who belong to the cotton association. This friend of the farmer helped write the bill.

I find Mr. C. E. Huff, president of the Farmers' National Grain Corporation, represented by M. W. Thatcher. Mr. Huff was a country preacher, serving as a minister without pay. He now patriotically draws \$15,000 per year and expenses from the Farmers' National Grain Corporation. This patriot, through his representative, Mr. Thatcher, helped write this bill.

I observe among those of the brain trust, who assisted in constructing this wonderful piece of legislation, the name of Dr. J. Phil Campbell, director of extension, Athens, Ga. I presume you farmers in Georgia listening in feel like you were well represented when this bill was drawn.

Here are another bunch of patriots who rendered valiant service in the construction of this farm-relief measure. They are editors of commercial agricultural papers. The prosperity of these papers depend upon the advertising they receive from the big-business interests that exploit the farmers. Here they are: Dr. Tait Butler, editor Progressive Farmer, Memphis, Tenn.; C. V. Gregory, editor Prairie Farmer, Chicago, Ill.—Gregory farms the paved streets there in Chicago; Mr. Dan Wallace, editor The Farmer, St. Paul, Minn.; Mr. Dante M. Pierce, with the Wallace Publishing Co., Des Moines, Iowa. You farmers were certainly well represented among the authors of this great proposed piece of legislation.

I wish I had the time to analyze every one of them. I do not. However, I must not omit the last signature on the list, that great farmer, H. I. Harriman, president of the United States Chamber of Commerce.

One year ago the National Grange, the American Farm Bureau, and the Farmers' Union agreed on a marketing program and prepared a bill that was approved by the Committee on Agriculture of the United States Senate and by the Committee on Agriculture of the House of Representatives. In the Senate it was known as the "McNary bill, S. 5027." We prepared a pamphlet and sent it to each Member of the House and Senate; in fact, scattered them all over the United States. I read from page 3 of that pamphlet:

"The Marketing Act should be amended immediately by the inclusion of the debenture plan, equalization fee, or any other method which will make it effective in controlling surpluses, in making tariffs effective on farm crops, and in securing for American farmers cost of production on those portions of their crops sold for consumption in our own Nation; nothing less is a remedy for the agricultural-marketing problem."

The Farmers' Union in three national conventions adopted that kind of a program unanimously, and as late as March 11, this year, in a Nation-wide convention in Omaha reiterated our allegiance to the principles of "cost of production for that portion of our crops consumed in this country."

The only crime I committed was being loyal to the Farmers' Union by supporting the program adopted in their national convention. I was one farm leader in Washington who did not surrender.

As the bill passed the House, title I, section 3, reads as follows: "The Federal Farm Board and all departments and other agencies of the Government are hereby directed to sell to the Secretary of Agriculture at such price as may be agreed upon all cotton now owned by them."

In the hearings I suggested to the committee that there was great opportunity for scandal in this provision. Upon this suggestion the committee amended it to read, "That the Secretary of Agriculture should not pay more than the market price on the day of purchase. My suggestion probably saved the taxpayers of this Nation not less than \$30,000,000."

To you farmers listening in, let me say that you need someone to help you here in Washington who does not surrender.

#### LEGISLATORS OR RUBBER STAMPS

I have been doing legislative work in Washington for the last 20 years. It is my judgment that in all that time there was never a higher standard of Members of the House and Senate than in this session of Congress. The vast majority of them are sincere, able men and women, willing to do their very best in the interest of the people who sent them here.

They have been handicapped in many instances by the demands from their home folks for them to follow the President, right or wrong. The newspapers of the country have fed the Nation that kind of froth and foam—a lot of hooey. Some of you listening in have written, others have wired your Congressman and Senators, commanding them to vote for some pending bill that the sender of the telegram or letter had never read. I warn you to be careful about instructing your Congressmen and Senators concerning bills that you have never seen. You should want your Congressman to be faithful to his oath of office and be a Congressman instead of being disloyal to that oath by becoming a rubber stamp.

It is strange how the press can deceive the public with statements that are so inaccurate. Ten-year-old children would discover the inaccuracies. For instance, one of the editors of the Sioux City Tribune, Sioux City, Iowa, had a front-page editorial the 13th of this month in which the editor stated that I had dis-

mally failed in my efforts before the Senate Agricultural Committee to even get consideration for the Farmers' Union cost-of-production plan. It was a long editorial, with every paragraph just as big a misstatement of facts. The Associated Press had carried the fact that the 5th of this month the Senate Agricultural Committee had unanimously placed the Farmers' Union cost-of-production plan in the bill. The very day the Tribune carried this editorial the United States Senate, by a vote of 47 to 41, adopted the Farmers' Union cost-of-production plan and placed it in the farm bill. This fact was carried in the Associated Press everywhere. It is a mystery why the Sioux City Tribune should so absolutely misrepresent the truth, and more strange is the fact that some of its readers were led to believe the statements in the editorial. This is just a sample of the more than a thousand clippings I have received where newspapers have misrepresented the Farmers' Union and myself, as its national president. So far as I am concerned, it is of small importance. I am immune. Your Congressman, your Senators are not immune. You should treat them fairly and know the facts before you form opinions of what they are doing.

#### DISARMAMENT

Among peace societies doing effective work in behalf of abolishing war is the Women's International League for Peace and Freedom. They are right now in an active campaign all over the United States getting signatures to a disarmament petition. The Farmers' Union believes in every honest effort toward ending war. We also believe world-wide disarmament is necessary to outlawing war. When these disarmament messengers present their petition we recommend every patriotic citizen sign.

#### QUACK REMEDIES

All kinds of cures for the ills that beset the farmer are bobbing up in Congress these days. One of these is a bill for requiring a certain percent of alcohol in all motor fuel. The theory is that it would help corn farmers by using large quantities of corn for making industrial alcohol.

The Department of Agriculture is making an investigation of the subject, and a few days ago called those interested into a conference. I listened for 2 hours without getting much practical information. About that time the chairman asked me for any statement I should like to make. I told him I had no statement to make, but I should like to ask the experts present a few questions. The privilege was granted me, and I asked those interested in alcohol the wholesale price of alcohol per gallon at the present time. They told me 40 cents per gallon. I asked from what this 40 cents per gallon alcohol was made. They answered that it was made of blackstrap molasses. I asked why they did not make it out of 15-cents-per-bushel corn. They said that it would make the alcohol cost more; that blackstrap molasses was a cheaper material for making alcohol than 15-cents-per-bushel corn. I then asked what the wholesale price of gasoline was, and they told me that a standard grade of gasoline was a little less than 3½ cents per gallon. I then suggested to those present that in the first instance all the crude oil belongs to farmers; that it was a farm crop just as much as cotton or wheat. I also called their attention to the Government reports that practically every State has oil potentialities. Some of the States where oil is still undiscovered are reported by the Government geological surveys as having almost every acre an oil possibility.

I am sure it would be interesting to many farmers listening in, that in States where oil has been discovered many times farmers get annual rents for leases given on the underground crop. For many years in Oklahoma I received a dollar per acre on 400 acres of land that was more than a hundred miles from the nearest oil well. It was rent money from my beneath-the-surface crop. It paid my taxes.

I am forced to this conclusion: It would be folly to require the users of motor fuel to purchase 40-cent-a-gallon fuel when there is an overproduction of 3½-cent-per-gallon fuel. It would be discrimination to say to the farmers who have oil beneath the surface of their farms, "We will, by legislation, cut off the market for a certain percent of your fuel oil." It would be like passing a bill for the cotton farmers in which all clothing had to be made of cotton.

I am not sure but what certain interests bring up these side issues for the purpose of muddying the waters and getting our attention away from the real issues.

#### BROADCASTING GETS RESULTS

We have received many, many letters from our program of this station a month ago. Not only have we received these letters but the results have been splendid. Here is a letter from Mangum, Okla., that says more than a thousand people listened in from that town. Here is one from Guthrie Center, Iowa, stating that neighbors whose radios were out of commission came in wagons to listen in during the Farmers' Union hour. Our national secretary reports that the largest self-organized local for this month is Oberlin local, at Blanchard, Mich. They organized and sent in 80 male members and 59 women, a total of 139. One of the songs in today's program was dedicated to this local.

I recommend that all over the United States you call county meetings for Saturday, April 29, these meetings to be held in your courthouse at 2 p.m. that day; that you discuss these various questions and adopt resolutions, mailing a copy to the President of the United States, to your Congressman, and your Senators. That will be four copies. Also agree to write individual letters. By all means do not neglect to resolve against the Government



issuing any more interest-bearing obligations. Declare in favor of the Wheeler bill, the Frazier bill, and cost of production. You can afford to do this much to help yourselves. You farmers who gather at these courthouses where you have no Farmers' Union, form a temporary Farmers' Union and write to E. E. Kennedy, our national secretary, Kankakee, Ill., for information and full instructions. Remember it is those farmers who belong to the Farmers' Union who make possible the work the Farmers' Union is doing here in Washington. You farmers who do not belong, so far as you are concerned, we would have to abandon this work today. Get in and make us stronger in our fight for you.

#### INFLATION

Things have been happening very fast in the last few days. There are indications that there is a general movement on the part of the administration and the leaders of both House and Senate to start a program that at least approaches that of the Farmers' Union. However, do not get excited. It may turn out as the farm bill did—a thing of little value—or as the refinancing bill, of even less value than the farm bill. The refinancing bill does not even approach the remedies offered in the Frazier bill. The inflation promised at this particular time may turn out to be as weak as what has been offered us in the farm bill and in the farm refinancing measure.

I am sure you have observed, however, that just the talk of inflation has been worth more to prices of commodities than the moratorium, Reconstruction Finance Corporation, the home-loan bank, and all the billions of money borrowed by the Government and poured out to big institutions.

If we could only have a real application of the Farmers' Union program; if we could have cost of production for that portion of farm crops consumed in this country; if we could be refinanced as the Frazier bill provides, with Government money instead of money borrowed from bankers and on a basis of 1½ percent interest instead of about 5 percent as provided in the refinancing bill; if we could only have the Wheeler bill passed, which provides for the remonetization of silver, then this Congress could go home with absolute assurance that they had not only saved this Nation but the whole world. Such a program put into operation would preserve and protect the integrity of all property. It is high time the Government was giving a little protection to the property of the people as well as to the money of the bankers.

It is a shame and a disgrace that every time the Government needs some money it must sign an interest-bearing obligation in order to have bankers sign and make some money for the people. If there are people who have so much money they are willing to loan it to the Government, this Government, instead of borrowing that money, should make them pay the expenses of Government through taxation.

I can remember, during the World War scoundrels would go out to farmers to sell them Government bonds when the farmer had no money with which to buy the bonds. These rascals would say, "I will loan it to you." A few farmers had the nerve to grab a club and run such reprobates off their farms. Think of the gall of it. A man with plenty of money making a farmer who had no money borrow of him to buy bonds.

Think of the ultrarich of this country supporting and promoting a tax system that takes out of the mouths of children the very food they need in order that these ultrarich may have money to loan to the Government.

We Farmers' Union folks are doing everything in our power to get officials in Washington to see that it is a crime for this Government to issue any more interest-bearing bonds. These ultrarich draw interest from taxes raised out of the sweat of the farmers and laborers of this Nation. These same ultrarich get written into the laws provisions for exempting the bonds that they hold from all kinds of taxation. If there is such a thing as a human leech, a human barnacle, it is the promoter of tax-free Government bonds.

#### THE WHEELER BILL

For a permanent cure and a world-wide remedy there is no substitute for the Wheeler bill. It is the only inflation that immediately makes a market for the products of the farms and factories of this country. It is the only measure that increases the cost of production of commodities in the silver-using countries to the extent that those countries can afford to buy our products.

Complaints of our people multiply. They say that the products of other nations are pouring in as never before, paying the tariff, and then selling at less than the cost of production in this country. They all agree that the cause is our high-priced dollar. Just recently France has been shipping in common building stone. The Legislature of Alaska a few days ago passed a resolution memorializing Congress. They set up in this resolution the fact that Japan was selling canned salmon in this country, after paying the tariff, at a lower price than cost of production of American salmon fisheries. They complained that the Canadians are shipping in halibut and selling it below American cost of production. Other nations with cheap currencies sell us their goods, make their profits, and laugh at our superstitious worship of the gold standard.

A dozen years from now we will look back and wonder how those who plundered and robbed us could deceive us into permitting the money of the country to be issued and controlled by a handful of bankers.

I want to close with a quotation from an address I read the other day delivered by Mr. Arthur E. Seagrave, of Fall River, Mass.: "We need inflation and inflation we mean to have. The word 'inflation' makes some people shrink with fear, but it never yet

scared a man with a flat tire. It is the one thing he wants above all else. The world is now traveling on a flat tire. It needs inflation to permit travel over rough roads. Its car is parked near a pump marked 'gold', but there is no pressure in the tank. We have waited a long time for relief but it has not come. But we have overlooked another tank nearby. It bears a silver label. For years it was hooked up with the gold tank until some gangsters severed the connection. But this tank is full. All we need is to restore the connection once more. Then we can reflate the tire, can renew our journey with ease and comfort, and we can finish our course with hope and confidence."

Let me also read from the pen of ex-Senator C. S. Thomas an article that recently appeared in the Rocky Mountain News. Senator Thomas is 84 years old, but his mind is as clear as a bell and his eloquence without a peer.

"Shakespeare once defined gold as the visible god. Whatever its physical qualities, it was always, and still is, the most formidable deity ever worshiped by mankind. Even when the first commandment was voiced at Sinai, the Jews were imaging the golden calf at the foot of the mountain. Moses destroyed their statue but he could not dethrone the metal which, until quite recently, men and women were privileged to see, albeit the bulk of it was buried in the ground from whence it came."

We, or some of us, therefore, know that it is yellow, bright, and heavy. Also, that by reason of the supernatural qualities with which it has been endowed, it measures and shifts the values of all things spiritual and material. Moreover, the more fortunate of the people until recently could actually acquire and enjoy meager portions of it, while, theoretically, those possessed of other forms of money might demand its conversion into gold as the only real money in the habitable world, those contending for other standards being neither honest, intelligent, nor trustworthy. The metal failed to function and then abdicated. Yet the gold god is too sacred to be seen. Its fires burn too brightly for mortal eyes to gaze upon.

The leader of American democracy, ostensibly invested by Congress with the purple of unlimited power, last week issued an old-fashioned Russian "ukase" commanding all citizens—they are still so designated—by or before May next to deposit with the financial authorities all gold and gold certificates in their possession in exchange for other forms of money. Failing this, the President by the same edict subjects them to arrest, indictment, and on conviction to a maximum fine of \$10,000 or sentence of imprisonment for a term of 10 years, or both. The visible god of Shakespeare is thereby clothed with invisibility and the single standard transformed from a human agency into a thing of omnipotence.

Under the law as written, gold is legal tender for the satisfaction of all human obligations. He who demands and he from whom it is demanded have no alternative but compliance with its terms. It was thus enacted at the behest and by the command of the single-standard powers, and until yesterday it functioned as "the law of the land." But the President by his "ipse dixit" has assumed to repeal it.

The owner of paper money is not only prohibited from demanding its redemption in gold; he is commanded under the sanction of the Penal Code to exchange with the Treasury for its paper. Although his own, he may not even retain it save at the risk of his liberty. Its mere possession after May 1 becomes a felony *eo ipso*, not by act of Congress but by Executive order based on legislative delegation of authority.

With all due acknowledgment of the best of intentions, with which hell is said to be paved, I assert that this Executive order is the most deadly and appalling attack upon the integrity of the American Constitution thus far encountered since its ratification. Only by abdication can the Congress so legislate. Its Members falsify their oath of office when they so ordain. The President has no more power to exercise the authority thus conferred than he had before the effort was made to confer it. The plea of necessity would be farcical if the incident were not so tragical in its reaction upon American institutions.

If the assertion were true that the salvation of the Republic or of the gold standard required this extreme policy, which it is not, then neither is worth the sacrifice. The latter has long been a curse and will so continue as long as the public interests are sacrificed upon its altar. Moreover, the Government has but to stretch out its hand and grasp the remedy—a fact which the world keenly realizes while its chancelleries willfully shut their eyes to it and will have none of it. If, on the other hand, penalizing by edict of those rightfully possessing and entitled to the use of gold is within the Executive power, especially in times of peace, then no right of the American citizen is safe from the exercise of despotic power.

The Nation has traveled far and fast on the road to centralization since the Civil War, but it is somewhat melancholy to reflect that the Democratic Party under Wilson and Roosevelt has done more to demolish State boundaries and trample upon the fundamentals of the Bill of Rights than its opponent, which for three quarters of a century we have bitterly denounced for its disregard of constitutional limitations. And the bitter pill is now coated with gold whose bar sinister, branded by fraud on the Nation's forehead in 1873, dictating its policy for 60 years, itself bankrupt in morals and in fact and doomed to early extinction, has now dragged democracy into the fathomless pool of repudiation. "Alas, it is not in our stars but in ourselves that we are underlings."

Comes at this juncture the economic statement that due to expansion of debt and destruction of values, the Nation's liabilities exceed its assets. If this be true, bankruptcy is in sight and re-



pudiation is inevitable. Is it surprising that gold as usual has between 2 days run to its cover, disappeared in the gloaming and left the Nation to the elements and to fate?

#### STATEMENT BY SENATOR REED AND OTHERS AS TO INFLATION

Mr. AUSTIN. Mr. President, I ask leave to have inserted in the RECORD a statement on the subject of inflation issued by Senators REED and WALCOTT and Representatives SNELL and LUCE.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune of Apr. 22, 1933]

#### REPUBLICAN ATTACK ON INFLATION

WASHINGTON, April 21.—The statement assailing the Roosevelt inflationary program, issued tonight by the Republican leaders, Senators DAVID A. REED, of Pennsylvania, and FREDERIC C. WALCOTT, of Connecticut, and Representatives BERTRAND H. SNELL, of New York, and ROBERT LUCE, of Massachusetts, follows:

"The administration inflation bill violates the most elementary principles of sound monetary, credit, and financial policies. It is better designed to defeat than to promote business recovery.

"It is said that the bill is necessary in order to avoid more radical legislation. What could be more radical than authority to issue printing-press money and to give one individual, in direct violation of the Constitution, the power to alter at will the value of the medium through which all business transactions are conducted and the terms of all monetary obligations and the value of all property expressed?

"While there are grave objections to the nomination of the Federal Reserve System by the Treasury, and it is hard to defend the unsound practices of the Government's borrowing directly from the central banks, yet in spite of these objections and the doubts which we entertain as to the efficacy of the remedy, in view of the existing emergency and the recognized need for an advance in all commodity prices, we would be willing to support some such provision as section 1 for the expansion of credit by means of open-market operations, even through direct purchases from the Treasury by Federal Reserve banks, providing discretion as to the amounts to be purchased up to the maximum provided were given the Secretary of the Treasury and the Federal Reserve officials, instead of the provision as it now stands which authorizes and practically compels the purchase of \$3,000,000,000 of Government securities, irrespective of the credit or banking situation.

#### TERMED "INFLATION ON GRAND SCALE"

"The second section authorizes resort to the printing press and the issuance of fiat currency. It is not simply an alternative proposal to section 1 but may be supplemental. That is in addition to the \$3,000,000,000 of bond-secured currency provided for by section 1; section 2 authorizes the issuance of \$3,000,000,000 of notes with no reserve or security of any kind back of them—undisguised printing-press or 'say-so' money. In other words, the two sections combined mean \$6,000,000,000 of additional currency, half secured by paper and half just paper. This would represent a doubling of our already swollen circulation. It is inflation on a grand scale. If it does not produce the expected results the Government, having conceded the principle, will be forced to increase the dose.

"If it does take and prices rise because of loss of confidence in the value of the country's currency then the Government may well find, as did those of Germany and France, that inflation once started feeds upon itself and soon gets completely out of control.

"This bill may well constitute the first step on the road to ruin which the German people took under compulsion, but upon which it is proposed we now voluntarily embark.

#### WORKERS WILL BEAR LOSS, THEY SAY

"Let there be no misgiving as to those who bear the loss. Not the well-to-do with funds invested in common stocks, who are in any event best able to take care of themselves, but the wage-earner who sees the cost of living fast outpace a lagging wage, the salaried classes and those with fixed incomes, the aged recipients of pensions and annuities, the savings-bank depositors, the holders of 122,000,000 insurance policies, the small investors with their life savings invested in one or two sound bonds, and last but not least, the farmer. German farmers today are heavily in debt and pay higher interest rates than before the great inflation.

"It may be urged that the President will not exercise the authority granted. Then why does he ask for it? And surely those who are powerful enough to force him to agree to this legislation will be strong enough to compel him to make it effective.

"The third section would authorize the President, in his discretion, to fix the number of grains in the gold dollar, but at not less than 50 percent of the present standard. This is unconstitutional. Section 8 of the Constitution vests in the Congress the 'power to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.'

"But aside from the constitutional feature, it is unthinkable that there should be vested in any individual the arbitrary power to alter at will the value of money, which so directly and vitally affects all human relationships, obligations, activities, rights, and property.

#### EFFECT OF DOLLAR DEVALUATION

"To those who look upon the devaluation of the dollar as a means of raising the domestic price level, this action will, in our judgment, prove disappointing. It will accelerate the world competition in currency depreciation and further depress world prices and markets, to the detriment of our agricultural producers. It will only indirectly, and as a long-time process, result in an increase of domestic prices.

"The second and third sections of the bill destroy whatever chance of success the first may hold. The effect of the first proposal would be to create large excess reserves in the banks, which, seeking employment, would expand credit and foster a business and price increase providing other conditions are favorable. But the key to a business revival is cheap long-term money which will encourage the revival of heavy industries and the purchase of capital goods. But who can afford to lend on time with the threat of inflation, dilution of the currency, and the arbitrary decrease of the value of money staring him in the face? Who can afford to contract to build or to make any long-term commitment when the entire price, wage, and monetary structure may be altered at will by one individual before the contract falls due? These threats, this uncertainty, means not business stimulation but stagnation and the complete elimination of a capital market. Prices may rise, but they will rise as a result of fear, not of confidence, and no permanent prosperity can be erected on any such base.

"It seems unnecessary to emphasize that these proposals may involve the partial repudiation by the Government of its obligations and the impairment of countless contracts affecting immense sums payable in gold of the existing standard of value—contracts made by our States, our municipalities, innumerable corporations, and individuals, and millions of purchasers in good faith of their securities and obligations."

#### REMONETIZATION OF SILVER

Mr. SHIPSTEAD. Mr. President, I ask unanimous consent to have printed in the RECORD an excellent address delivered over the radio today by the senior Senator from Montana [Mr. WHEELER] relative to the remonetization of silver.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Ladies and gentlemen of the radio audience, if I were an artist I would picture Uncle Sam as a great, sleeping giant just waking to find himself bound hand and foot, and struggling to free himself of the fetters placed upon him by his own children and his supposed friends. I would show how his own trusted financial leaders had betrayed his confidence, and how his former allies in the World War, England and France, were plotting his economic ruin. I would picture on his face surprise, then disillusionment, followed by a determination to be free.

For several years I have been trying to tell the American people that our primary money was not sufficient, and that low commodity prices were due to this shortage of primary money. More than a year ago I introduced my bill for the remonetization of silver in the United States Senate. It was ridiculed by the press and by some political leaders in both parties, but, because of its merit, and because it offers the only safe method of enlarging our primary money and raising commodity prices, it is now supported by many financial and political leaders, as well as by the Farmers' Union and millions of people in every walk of life.

I shall not attempt to paint a picture of economic conditions today with its millions of unemployed men and women vainly seeking work and facing actual starvation, for these conditions are known to everyone. Nor shall I give much time to a consideration of the forces responsible for this depression, save as it is necessary to an intelligent diagnosis of the evils which we are attempting to cure.

I sincerely hope that no farmer or other listener to my words today will misinterpret my attitude toward the national administration. I have profound admiration for the courage and alacrity with which the President and his coworkers have taken up the stupendous task which confronted them on assuming the responsibility of government. I also trust that no citizen will forget when he is disposed to criticize anything which has been done or which it is proposed to do, that this administration took over the reins of government when the Nation was in a state of almost complete financial, industrial, and agricultural collapse. It would be beyond the powers of any group of human beings to completely rectify that tragic situation in a relatively few days, a few months, or even a few years, or to do it at all without perhaps making some tactical errors in the method of approach to the enormous task.

But I do want to say that real friendship for the administration is not best expressed by unreasoning approval of every suggestion which might be credited to those in authority. The real friends of the administration will leave the praise largely to those who are always seeking to reach the favor of any man who happens to be in authority. And those real friends will submit constructive criticism to any proposed measure which they deem unsound and will continue to make suggestions along the lines which they believe would be most helpful to the Nation and in that manner to the administration itself.

History should warn the President that at the hour of his greatest national acclaim he should be most thoughtful of his



future. I do not forget that 4 years ago at this time it was almost sacrilege to question the superhuman wisdom of the great engineer who then occupied the White House, nor do I forget the relatively few years ago when President Wilson was the recipient of world-wide acclamation almost bordering on idolatry.

I need not remind you of the unhappy ending in both of these cases. It is a wise public official who never forgets that the approval of today may become the condemnation of tomorrow. The way to avoid that reaction is to make sure that the plans pursued will stand the test of time and permanently react to the welfare and prosperity of the people. In my long years of public service I concede that I have often been accused of radicalism, but never, so far as I know, of a lack of the courage of my own convictions. When I analyze the proposed financial measure I begin to wonder if I am not, after all, the conservative instead of, as I have so often been called, radical. So-called "conservatives" propose measures to give the President of the United States the power to revalue the gold dollar up to 50 percent at any time he may see fit. When and if that is done there will be no lasting stability in the money standard of this or any other country. When we delegate to the Secretary of Agriculture the power to tax the people almost at will; when we give the President the power to dictate wage reductions, reductions in the pensions paid; when we give him full authority over the railroads and then give him the right to fix the gold content of the dollar, the people who are clamoring that we should do this should realize that we are going a long way toward destroying our form of representative government and coming mighty close to setting up a dictatorship in the White House. It may be that our form of government has so far failed that the time has come to abandon it, but I am old-fashioned enough to still believe in the fundamental principle upon which the Government was founded. It should be remembered that power delegated by the people is seldom returned to them.

The drastic action now taken by our Government was forced upon us by the advantage which other countries had over us in world trade, due to their depreciated currencies.

Suppose we should reduce the gold content in our dollar and thereby cheapen the dollar—it is my judgment that other nations would immediately debase their currencies in order to try and hold the commercial advantage they now enjoy. There would probably follow a currency debasement race between the nations of the world that would soon destroy all currency standards and lead to a world inflation that might easily destroy our present social order.

On the other hand, the adoption of bimetalism by the United States would set an example that other nations would of necessity have to follow, with profit to themselves and no injury to anyone else. It is the only common ground on which the nations can meet on perfect equality and safety.

During the last 60 days the whole world-wide financial situation has attracted the attention of mankind. The struggle for commercial advantage between nations through the manipulation of monetary exchange was never more keen than at the present time. Ever since England went off the gold standard she has forced the pound sterling down and the American dollar up, because that gave her a commercial advantage by giving her a lower production cost than the United States under the gold standard. For some mysterious reason our great financial and political leaders joined forces with the British and did all in their power to force the purchasing power of the dollar upward. This resulted, of course, in forcing down commodity prices until they reached new low levels, and this, in turn, brought bankruptcy and ruin to agriculture and industry, and unemployment to millions of American workers.

When the United States placed an embargo on the exportation of gold and officially announced that the United States had gone off the gold standard, the exchange value of the dollar started to return to normal, and commodity prices began to rise. This greatly disturbed the British, because, in this movement of the dollar they saw clearly the possibility of losing the commercial advantages they have enjoyed since they left the gold standard. In an Associated Press dispatch from London on April 20 I read: "England's main concern is that trade advantages which she enjoyed because of her debased currency after her departure from the gold standard might no longer exist."

I am not blaming England for manipulation of her currency so as to benefit herself commercially, but what shall we say concerning American financiers who have worked day and night against the best interests of the American people?

For one thing I am thankful. We now have a clear picture of the whole world-wide financial situation. It is no longer necessary to argue that our financial structure is completely inadequate. Every thoughtful man knows that the world now stands at the crossroads and that the next 12 months may decide the destiny of our present civilization. Shall we follow the blind financial leaders who have betrayed us, and almost completely destroyed us, or shall we adopt a monetary policy that successfully served mankind for thousands of years, and was later destroyed by selfish bankers through trickery and deception in 1873?

I wonder if the American people know that the gold standard is of very recent origin, and that it is responsible for the condition in which we now find ourselves. I wonder if they know that silver and gold at a fixed ratio of value between the two metals was the monetary standard of mankind for thousands of years.

There are many bills before Congress that are designated as silver bills, and that fact has led to much confusion. In the great

majority of cases there is an honest difference of opinion about the merits of the several different proposals, but I think it can be truthfully said that there is also a concerted plan of the opponents of bimetalism to confuse the issue by the alleged support of certain of these purchase of silver bills. It is the old strategy of divide and conquer on the part of the enemies of effective silver legislation. Since all agree that one of the primary purposes of any such legislation is the increase of commodity prices, the question naturally arises as to how large a volume of increase in the basic money would accomplish that result. Certainly it needs no argument to prove that to purchase 100,000,000 ounces of silver at 50 cents an ounce as proposed in some of the bills would have no permanent effect whatever on the price of the farmers' and manufacturers' products. If any silver legislation is to have the potency to accomplish an increase in commodity prices, it must be a measure that makes silver a basic money on equal footing with gold, the foundation of the currency system of the Nation. In the last few days we have had a very realistic demonstration of the effect on prices of a proposed increase in the circulating money.

In the brief time which I have at my disposal today I want to impress on you as seriously as I can the fundamental differences between my bill and all the other proposed measures when it comes to the matter of international trade. Let us briefly summarize the international trade situation. Since the war every major nation of Europe has striven, and with considerable success, to make itself self-contained; that is to say, to become as independent as possible of the import market for food and industrial products. I am not criticizing the attitude of these nations; I am merely stating it as a fact to be considered in planning our future destiny.

Where do our future markets lie? What countries are there in the market for the surplus goods which we produce? If you look over the map of the world you will find that in every case where there is a great potential market for either our agricultural goods or our manufactured goods in the countries who need them the most, they use silver. Mexico is so short of the products of our mills and factories that for several millions of her people an empty 5-gallon oil can is a luxury to preserve with care for a hundred domestic uses. They need our shoes, our clothes, and hundreds of thousands of our automobiles. Mexico stands first in the nations of the world as a silver producer, and there is no other country on earth whose prosperity would be so quickly and strongly reflected in our own as Mexico. South America is also a tremendous potential market for our goods. For many of our farm products the Orient is now the greatest of all markets.

When we deal with the international trade situation we should forget these expedients based on one or two years of monetary control. At the end of these periods we will be as badly in need of export markets as we are today. Such problems should be based on a theory of centuries, not years. My bill would establish a permanent and fixed ratio of value between gold and silver in every market in the world. The ratio would be in keeping with the relative production of the two metals over many centuries of time and would be in complete accord with the historical performance of the two metals as acceptable money in world markets. Under this standard of bimetalism international obligations would be fixed and not subject to such demoralizing fluctuations as we have witnessed in the nations of the world since the war.

To those who fear that the Government would be flooded with silver should we remonetize silver, as provided for in my bill, let me ask, Where would the silver come from?

The Orient knows no other money excepting silver. For thousands of years many of these countries have refused to adopt the gold standard and have refused to use paper money or a checking system such as we have. Consequently, it is absolutely essential to their economic life that they keep the silver which they have in their own country in order to carry on their own trade and commerce. As an evidence of this, quite recently China and several other countries placed an embargo against the exportation of silver. Silver is to them what gold is to us. As the price of silver goes up China buys more silver, because she has to have more primary money when it becomes more valuable.

It has been suggested to me that in the event we remonetize silver we would stop the industrialization of China, India, and some of the South American countries. I think it is time that the American people stop thinking in terms of China, England, Japan, and South America, but to think in terms of the United States.

The trouble in recent years has been that we have been more interested in the welfare of the peoples of the rest of the world than we have been in the people of this country.

Giving China, India, Japan, and South America the benefits of cheap silver in order to permit them to industrialize their countries means, inevitably, the closing of factories in this country; it means, inevitably, that more people will be out of employment, lower wages, and longer hours. In other words, it means bringing down our standard of living to somewhere near the standard of living in the Orient, and I am at a loss to understand the minds of those who say that we must not remonetize silver because of the fact that it will stop industrialization in the Orient and in other countries.

We are today becoming isolated from world trade. Our surpluses are thrown on the domestic market, creating oversupply and a constant depression in commodity prices. This result is destructive, not only of our foreign and domestic market but to the maintenance of stable governments in silver-using countries. It forces their people to an industrialization destructive of our market for manufactured products in such countries. In sub-



stantiation of this statement, I call attention to the records of our Department of Commerce and reports of our officials:

For instance, in 1928 we exported to China \$50,000,000 worth of crude materials; in 1931 we exported \$55,000,000 worth of crude materials; in foodstuffs in 1928 we exported sixteen million and odd dollars' worth, and in 1931 fifteen million and odd dollars; and my understanding is that the drop in foodstuffs has been considerable since 1931.

In semimanufactured goods in 1928 there was \$20,000,000, and in 1931 it had dropped to \$12,000,000. In finished manufactured goods in 1928 there were seventy-eight million and odd dollars, and in 1931 there were thirty million and odd dollars' worth.

These statistics bear out what cheap silver is doing to our trade in China.

The depreciation of the capacity of silver-money-using peoples to purchase our goods produced and sold on the higher gold standard has almost extinguished some of our greatest potential markets. We are forced to the alternative of lowering our money measure of values or of raising the money measure of values of our foreign competitors.

This depression has proven beyond a question of a doubt that there is not sufficient gold in the world upon which to base the currencies of the world and thoughtful men everywhere are seriously considering and advocating a return to bimetallism.

We came within six votes of passing it in the United States Senate just the other day, and we would have passed it had it not been for the fact that Senator ROBINSON announced that the President of the United States was opposed to putting it upon the farm bill. I assert now that had we adopted my bill as an amendment to the farm bill it would have done more for the farmers of this country than all the farm legislation of every kind or character that has been advanced by professors, economists, or farm leaders throughout the United States.

Let me quote from a recent article by Lord Desborough, a noted British monetary authority:

"The world is admittedly suffering from a catastrophic fall in the level of commodity prices, followed by contraction of credit, wide-spread bank failures, financial crashes, State defaults, and repudiation of debts, which have diminished the available money of the world and caused serious economists to state in an official document that it is doubtful if this process continues whether our present civilization can survive.

"The remedy suggested in these pages is to revert to the long-established system of using both the precious metals linked together by a ratio as one metallic money for the world and as the foundation for the great structure of credit which will be raised upon it.

"Silver was demonetized in 1873 by the western nations and lost its power as money and became to a great extent only a commodity. If gold had been demonetized, the same thing would have happened to gold. At the time of the Californian and Australian gold discoveries there was a serious agitation to demonetize gold as creditors thought it was getting too plentiful, and that they were not getting the value of what they were owed.

"What is wanted is a stable measure of value for the whole world, East as well as West, which can be secured by having one standard founded upon the two precious metals linked together by a ratio."

In closing, let me say to every man who hears my views today and feels that I am right, I would ask that you respectfully write to your Senator and Congressman, urging them to press for action in this Congress for the enactment of my bill—S. 70—to remonetize silver. Now is the time to act—not tomorrow, but today.

#### HOUSE BILL REFERRED

The bill (H.R. 4606) to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes, was read twice by its title and referred to the Committee on Banking and Currency.

#### RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The VICE PRESIDENT. The question is on the amendment of the Senator from North Dakota [Mr. FRAZIER] to the amendment of the Senator from New York [Mr. WAGNER].

Mr. FRAZIER. Mr. President, the amendment which I offered last night was printed on April 7. The only change I have made is where the term "Federal Farm Loan Board" is used to make it read "Farm Loan Commissioner", to comply with the new arrangement.

Mr. President, I have offered this plan, which was introduced as a bill in this session of Congress known as "S. 457", to refinance the existing indebtedness of farmers, as a substitute for the proposal offered by the Senator from New York [Mr. WAGNER]. I want to explain briefly the differences or make a comparison between the two plans.

The Wagner substitute, or the so-called "administration refinancing plan", provides for the issuing of farm-loan bonds to be sold at not to exceed 4 percent interest. The interest is to be guaranteed by the Government for the life of the bonds. The farmers are to pay 4½ percent straight interest for 5 years, and no amortization payment during the 5 years.

Under my substitute there are also farm-loan bonds to be issued at 1½ percent interest to be sold at par, and if they cannot be sold they are to be turned over to the Federal Reserve Board and the Federal Reserve Board is to issue Federal Reserve notes for the face value of the bonds, the bonds together with the mortgages on the farm property to be held as security for the notes so issued. Mr. President, all new wealth comes from the soil, and the first mortgages on the farms that produce the food products to feed the Nation ought to be as good security as we can get for Federal notes of any kind.

Under the proposed administration plan the interest on the 4-percent bonds goes to the purchaser as tax-exempt profits. Under my proposal the interest on the bonds that are turned over to the Federal Reserve Board, 1½ percent, goes to the Government as profit. It is generally stated that there are approximately \$9,000,000,000 of farm mortgages at the present time, estimated by some to be a little less because of the foreclosures that have taken place; but at \$9,000,000,000, 1½ percent interest to the Government would mean \$135,000,000 annually as profit to the United States Government on those bonds. For a period of 46½ years, the term of the amortization under the plan, it would mean over \$6,000,000,000 of profits to the Government of the United States and it would cost the general public nothing.

Mr. President, the limit of the issue under the so-called "administration plan" is \$2,000,000,000 for a term of 2 years. Under my substitute plan there is a provision that when the actual per-capita circulation in the Nation comes up to \$75, the Secretary of the Treasury and the Federal Reserve Board, together with the President of the United States, can call in those notes and have them canceled, but at not to exceed in any one year 2 percent of the notes outstanding against the bonds.

The basis of the loan under the Wagner plan is the present amount of the mortgage or 50 percent of the value of the land and 20 percent of the insurable improvements. Under my plan the basis of the loan is the present mortgage indebtedness or a fair value of the land, and 50 percent of the improvements, and provision is made for the scaling down of those loans under the provisions of the bankruptcy bill as amended in the last session of Congress. There is also provision for voluntary scaling down under the Wagner plan.

Mr. VANDENBERG. Mr. President—

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Michigan?

Mr. FRAZIER. I yield.

Mr. VANDENBERG. May I ask the Senator a question just at that point?

Mr. FRAZIER. Certainly.

Mr. VANDENBERG. Referring to line 12, page 2, am I to understand that the amount of the mortgages may represent the complete fair value of the farm? In other words, would it be a 100-percent mortgage on the basis of the fair value?

Mr. FRAZIER. Yes; on the fair value of the land at the present time. I will explain that a little later more in detail.

I want to give an example of the loans that might be made under the two plans. For example, a mortgage of \$5,000 exists today on a farm, and that \$5,000 represents not to exceed 40 or 50 percent of the appraised value of the farm when the loan was made. The average interest rate is about 6½ percent. That would mean an annual interest charge of \$325. Under my plan, if that mortgage is renewed at \$5,000 at 3 percent interest, the farmer would pay \$150 in interest each year, or \$175 less per year than he pays at the present



time. My contention is that the same amount of loan at the reduced rate of interest would be a much better loan from the standpoint of the farmer, and he would have a much better chance of paying it off and holding his land than under the present situation.

Or suppose the fair value of the farm under the so-called "administration plan" is \$5,000; then the farmer could get 50 percent of the appraised valuation, or \$2,500. Suppose the improvements on the farm were the same value as the farm land, and today we have many farms which have improvements that are worth more than the land itself. The improvements are worth \$5,000 and he gets a 20 percent loan, or \$1,000. The total loan value on the land in that case would be \$3,500, at 4½ percent interest. That means \$157.50 per annum straight interest. Under the 5-year plan there is no amortization to be paid. It is simply \$157.50 per year straight interest.

Under my plan the fair value is \$5,000, also 50 percent of the insurable value of the buildings, which would be \$2,500 in this instance, making a total loan value of \$7,500. The farmer pays 1½-percent interest on that \$7,500. That means \$112.50 interest for the year, or a difference of \$45—\$45 less than would be paid under the administration plan. The amount of the loan under the administration plan is less than half the amount of the loan under my plan. The administration loan would be \$3,500, while under my plan it would be \$7,500; and yet the farmer would save each year the difference between the amounts of interest, or \$45 each year, with a \$7,500 loan at 1½-percent interest, as compared with a \$3,500 loan at 4½-percent interest.

Under the Wagner plan the farmers may repurchase land, if lost by foreclosure after July 1, 1931, up to 75 percent of the value and not to exceed \$5,000. It is to be paid off under that plan in 10 years' time. Under my plan there is a clause that provides that the farmer who has lost his land by foreclosure since 1919 may repurchase under the terms of the bill that land which he lost, or other land, and thus become a home owner and land owner again.

There is also a provision that tenants who have lived on and operated a farm for a period of at least 3 years prior to the passage of the act can come under the terms of the bill to buy land. The tenant is entitled to a chance to purchase land at a low rate of interest and to become a contented home owner and land owner. Under my plan there is a provision to take care of the tenant.

There are admittedly some benefits in the administration plan. The 5-year moratorium is a benefit. Of course, the farmer must keep his taxes paid and all that, which would be expected; but, of course, if he cannot pay his 4½ percent interest during the 5 years of the moratorium it will be taxed against him after that period, but it will help him, because it will keep many farmers from losing out entirely, as they are doing in the present situation. It will give many farmers a breathing spell for 5 years.

The administration plan reduces the rate of interest just a little; 4½-percent interest for the farmer is too much, but under the terms of the plan it will be recalled that if the farmer is not a member of the farm-loan association he must pay one-half percent extra or if he becomes a new member of the farm-loan association he must buy 5 percent of the amount of the loan in capital stock of the home-loan association. Five per cent for 1 year means 1 percent for 5 years, so under the terms of the plan it would be 5½ percent straight interest for 5 years. That is practically what the farmers are paying now on the basis of 5½ percent interest, with 1 or 1½ or sometimes 2 percent amortization payment. So the bill, while it would be of some help, does not lower the rate of interest very much.

Mr. President and Senators, in the reprint of the so-called "Wagner substitute", on page 12, line 8, you will notice that an amendment was adopted, offered by the Senator from Arkansas [Mr. ROBINSON]. It is headed:

Federal farm-loan bonds as security for advances by Federal Reserve banks.

The language of that amendment is not very clear; but, as nearly as I can understand it, it simply means that the

Federal Reserve banks can buy these 4-percent tax-exempt, interest-guaranteed-by-the-Government, farm-loan bonds and deposit them as collateral, and issue Federal Reserve notes to buy more of the 4-percent tax-exempt, interest-guaranteed-by-the-Government, farm-loan bonds and issue more Federal Reserve notes to buy more bonds to issue more notes to buy more bonds to issue more notes, and so forth, and so forth.

Someone said here yesterday that this bill was more for the benefit of the bankers and the bond buyers than it was for the benefit of the farmers. Let us see. We have been told repeatedly by both the old parties—by the Democratic platforms and the Republican platforms, too—that they were going to put the farmers on a parity with the business interests. Let us compare this parity with what is done for the bankers under this bill.

Under this bill the farmer at least pays 4½-percent interest on his loan. The banker buys the tax-exempt bonds at not to exceed 4-percent interest. What does he do? The Federal Reserve banker deposits those bonds as security and issues Federal Reserve notes and buys more bonds. The Federal Reserve notes are printed down here at the Bureau of Engraving and Printing by the United States Government, and the Federal Reserve banks pay the Government the cost of the paper and of the printing of those notes; it amounts to seventy seven one-hundredths of 1 percent per Federal Reserve note.

Talk about putting the farmers on a parity with the business interests! It is not much of a parity when we compel the farmer to pay 4½-percent straight interest and let the banker buy tax-exempt securities at not to exceed 4 percent. The Senator from Arkansas said that if this provision were put in it might reduce the rate of interest to the farmer one half of 1 percent. That would help some, but it would still give the banker 3½ percent of tax-exempt profit. So the parity under this bill is not much better than the parity we have had under other so-called "farm measures" in the past.

Mr. President, I am not going to talk much about the general farm conditions that exist. I think everyone is familiar with them. During the last few years the prices of farm commodities have been so low that the farmer could not pay his actual running expenses; and yet in our great cities there are literally millions of men, women, and children going hungry because they cannot buy these low-priced products raised upon the farms—products priced so low in this so-called "surplus of farm products" that the farmer cannot get a profit. He cannot pay his expenses for raising and taking care of these products.

Farmers are going broke, because they cannot sell their products for the cost of production. Millions of men, women, and children are starving because they cannot buy the food they need. There is work of all kinds to be done, Mr. President, and yet there are over 12,000,000 men and women begging for employment today. It is a strange situation. There is not enough money in circulation actually to carry on the business of the Nation.

This bill would provide for a degree of inflation. If three and a half billions of new money could be issued and put into circulation by paying off this farm indebtedness, it would undoubtedly relieve the situation. It would not be issuing tax-exempt bonds and trading them for the mortgages that are outstanding, but it would be putting actual money into circulation.

Mr. WAGNER. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from New York?

Mr. FRAZIER. I do.

Mr. WAGNER. How does the Senator arrive at the amount that would be issued in the way of currency under his legislation?

Mr. FRAZIER. The Senator was not in the Chamber when I explained that. There is a provision in the amendment to the effect that when the actual per-capita circulation of money shall reach \$75, under the plan of my amend-



ment the Federal Reserve Board and the Secretary of the Treasury and the President may authorize or direct the recall of those notes and the cancellation of not to exceed 2 percent of the amount outstanding in any one year. It would take about three and a half billions of dollars to bring the per-capita tax up to \$75.

Mr. WAGNER. So that when loans are made up to that amount, under the Senator's amendment the loans would cease to be made?

Mr. FRAZIER. Oh, no; the issuing of these Federal Reserve notes would cease, but the loans would not cease. The three or three and a half billions would create a revolving fund to carry on these loans, and we believe it would be amply sufficient to make all the loans necessary. Under my plan the loan amortizes in 46½ years. At the end of the first year every 46½ payments refinance a new loan.

Mr. WAGNER. As I understand, the Senator proposes to go back and permit loans to be made for homes where there was a loss of a home beginning with 1919?

Mr. FRAZIER. After 1919.

Mr. WAGNER. And our total of secured and unsecured indebtedness now, as I understand, amounts to over \$12,000,000,000.

Mr. FRAZIER. I appreciate that, Mr. President.

Mr. WAGNER. So that what I wanted to ask was this: Is it not possible that under the Senator's proposal \$12,000,000,000 of currency could be issued, with no security back of it except the valuations of the properties to the owners of which the loans were made?

Mr. FRAZIER. With the provision I spoke of, it would be impossible to issue 12 billion in new money; but ultimately, through the revolving fund, the total amount of loans possible to be made might reach that figure, though it is not probable at all, because not all these loans are due at the present time, or could be refinanced either under this plan or under the Senator's plan. More than that, some of the farmers have nearly paid off their loans and they would not want to renew them. Some of them will get their interest rates reduced because of a low rate of interest such as provided here so that they would not need to reloan; and the money that is put into circulation under my amendment will find its way back into the Federal Reserve banks.

The Federal Reserve banks will not need to issue new notes. They can take the notes that come back to them and use them to refinance new loans. Economists have figures on this matter, and they say that three billions will make an ample revolving fund to take care of all the outstanding loans that farmers will want to refinance.

Mr. WAGNER. And that three billions of outstanding money will have, as a support, these loans made upon farm properties.

Mr. FRAZIER. Actual first mortgages.

Mr. WAGNER. And the value of this money will certainly be affected by the fluctuations in the value of the property. Perhaps the Senator knows of other instances, but I know of no other instance where any government has used just one single asset to support a currency issue.

Mr. FRAZIER. Mr. President, I tried to cover that part of the matter before the Senator came into the Chamber.

Mr. WAGNER. I am sorry that I was detained at my office. I have very many visitors these days.

Mr. FRAZIER. The Senator will remember that an amendment was put in the bill on page 12 of the reprint, lines 8 and 9, which provides that these 4-percent bonds may be deposited by the Federal Reserve banks as security for the issuance of new money.

Mr. WAGNER. Yes.

Mr. FRAZIER. There is the same proposition in the Senator's amendment that there is in mine.

Mr. WAGNER. No; I think that is quite a different proposition.

Mr. FRAZIER. I do not know why. The Federal Reserve Board, as I stated before, can deposit these 4-percent tax-exempt bonds and issue new Federal Reserve notes to buy more bonds to issue more notes, and so on. They could do it under my amendment just the same, only they would not

get as much interest as they do under the Senator's amendment. Under my amendment they would get only 1½ percent interest. Under the Senator's amendment they would get not to exceed 4 percent; and, of course, the bankers must have interest. That is what they exist on.

Mr. WAGNER. Does the Senator expect that these bonds can be sold to the public at 1½ percent?

Mr. FRAZIER. Not many of them; and those that cannot be sold are to be turned over to the Federal Reserve Board, and they, in turn, will issue Federal Reserve notes backed by the bonds and by the first mortgages on the land that produces the food to feed the Nation. My amendment provides that much better security than the Senator's amendment does.

Mr. WAGNER. The Senator first exhausts the surplus of the Federal Reserve banks, does he not? Does not the Senator provide that these bonds are to be purchased out of the profits and surplus of the Federal Reserve banks?

Mr. FRAZIER. Oh, they buy them out of their profits and surplus and surtax; yes.

Mr. WAGNER. So that the currency is issued only after their profits and their reserves have been exhausted?

Mr. FRAZIER. That applies only to the profits they make each year, and they claim that they are not making much profit at the present time, although they have made good profits.

Mr. WAGNER. If that is so, then practically all of these loans will be made with currency secured by the deposit of the bonds with the Federal Reserve System.

Mr. FRAZIER. Yes; and a profit to the Government, if they are turned over to the Government, of 1½ percent, instead of a profit to the bond buyer, as in the Senator's amendment, of not to exceed 4 percent. That is the difference. The profit would go to the Government. It would cost the general public nothing. Under the Senator's bill the bankers or the bond buyers would get a tax-exempt profit of not to exceed 4 percent, and that probably will mean 4 percent.

Referring to the Federal Reserve banks, as the Senator knows, they have made a wonderful record in some respects. There is a provision in the law that after 6 percent profit is paid to the stockholders, and a certain amount is laid aside for sinking fund, and so forth, half of the balance shall be turned over to the Government as a surtax. I have forgotten the exact provision. To get away from turning over too much money to the Government as a surtax they constructed buildings, Federal Reserve banks, in all these districts.

Up in the city of New York, where my friend comes from, they erected what is supposed to be the finest bank building in the world. The original building cost \$19,598,000, and they put on an annex costing \$2,159,000, or a total of \$21,757,000. It is more than the Capitol of the United States cost, by far—almost twice as much.

In 1931 the governor of the bank received \$50,000 salary, and his first assistant received \$50,000. The 36 officers of that bank receive total annual salaries of \$557,000—an average of approximately \$16,000 for each of the 36 officers of that bank up in New York. That is keeping down the surtax that otherwise would go to the Government, because they take out their so-called "legitimate expenses." Previously the president of the bank got a bigger salary than \$50,000; but there was so much criticism made about it—as I remember, it was more than the President of the United States got—that they reduced the salaries to \$50,000, and these officers apparently are getting along on that.

Mr. NORRIS. How can they do it? [Laughter.]

Mr. FRAZIER. Well, I do not know; but this so-called "administration bill" will help them, because they can get some more tax-exempt securities, with interest guaranteed by the Government at not to exceed 4 percent annually; that will help them to make more profits.

Mr. BORAH. Mr. President—

Mr. FRAZIER. I yield to the Senator from Idaho.

Mr. BORAH. While the Senator is discussing the Federal farm-land banks, let me ask him what this amendment that



is proposed by the Senator from New York does toward aiding in scaling down the mortgages due to or held by the Federal farm-land banks. Does it do anything except to reduce the interest?

Mr. FRAZIER. Mr. President, so far as I can understand the bill, there is no provision for the scaling down of mortgages held by the Federal land banks. There will be no scaling down, so far as I can understand it. Of course, there are some mortgagors who have been foreclosed upon since 1931, and in those cases they will be given the benefit; but as to others, there will be no scaling down. It does provide for a scaling down, voluntarily, on the other loans, but if the farm-land mortgages are not to be scaled down, in my opinion, practically none of them will be scaled down, unless it happens to be a very poor loan, with very poor security, and then the mortgagee will be glad to scale down.

Mr. BORAH. What benefit flows from this bill to the man who owes the Federal farm-land bank?

Mr. FRAZIER. It cuts the interest a little bit, and gives them a 5-year moratorium against foreclosure. There is that benefit, and that is all the benefit I can see in the bill.

Mr. SMITH. Mr. President, if the Senator will allow me, that matter was brought up in the committee. Under the Federal land-bank provision in the bill, all the benefit that will accrue to one who has a mortgage in that bank will be the reduction of interest on the new bonds, and a 5-year moratorium, wherein he will not pay any interest on amortization, but it will be charged up, and at the end of the 5 years he will have to pay all that accrued interest.

Mr. WAGNER. Not interest; no.

Mr. FRAZIER. Oh, yes; if he does not pay the interest that accrued during the 5-year moratorium, he will lose his farm.

Mr. SMITH. Exactly; but let me make this clear. The face value of the mortgage is not changed at all; there is no scaling down of the face value of the mortgage under the farm-land bank provision in the bill.

Mr. WAGNER. Will the Senator tell me how that could be done with the outstanding bonds?

Mr. SMITH. Will the Senator tell me how the farmer can pay? The present face value of the mortgage will never again be equaled by the value of the land, so that I thought and was hoping that we would have a proposition here that the Government would offer a certain percentage of the face value of all the mortgages outstanding, and that those who held the mortgages could come in and take that or leave it, covering the land bank and private institutions and all, in order to give the farmers a chance to scale down, and to give those who are holding the mortgages a chance to cash in on them, because unless this situation is relieved, one who holds a mortgage and forecloses on it, and attempts to sell the land, cannot get his money back; he cannot get the face value, and the farmer cannot pay the interest now. I was hoping that we would devise some plan by which all these mortgages might be reduced to at least an approximate appraisal value, but we have not done that.

Mr. NORRIS. Mr. President, will the Senator from North Dakota yield to me?

Mr. FRAZIER. I yield.

Mr. NORRIS. The Senator will realize that when the committee were discussing this matter, there was no one who had a plan, and I think it was conceded that it was an impossibility to cut down those mortgages, from the very nature of the thing. That did not apply to other mortgages.

Mr. WAGNER. Without a direct contribution from the Government to the individual.

Mr. NORRIS. I think that would be the only way to do it.

Mr. WAGNER. It would be the only way; and, as a matter of fact, if I may interrupt, the Government is making a contribution of \$15,000,000 a year now.

Mr. FRAZIER. For what?

Mr. WAGNER. To make up the 1 percent reduction in interest. The Senator was not accurate when he said that,

as to the other loans, the interest must be reduced. All of the outstanding mortgages upon which there are loans of the Federal farm-land bank are now reduced by 1 percent, from  $5\frac{1}{2}$  to  $4\frac{1}{2}$ .

Mr. SMITH. That is true.

Mr. WAGNER. That difference is made up by a subsidy from the Government amounting to about \$15,000,000, because the money is now being loaned at the same rate the Federal land bank pays for the money to the bondholder.

Mr. SMITH. Let us analyze that, and just see what the situation is.

Mr. WAGNER. We can scale the mortgage down; we can reduce the interest payment; but to do it we have to have an absolute contribution by the Federal Government from the taxpayers of the Nation.

Mr. FRAZIER. That is correct.

Mr. WAGNER. There is no other way of doing it, because these bonds are outstanding, with the mortgages put up as collateral security. There is no other way to do it.

Mr. SMITH. Let me call attention to one fact. The Federal land-bank bonds are up to about 85. What are they selling for now?

Mr. WAGNER. I do not follow the market.

Mr. SMITH. They are somewhere around 85, because last year we made an appropriation giving the Federal land banks \$100,000,000 to strengthen their credit and \$25,000,000 to aid delinquents to carry on. Therefore, the Federal land-bank bonds maintained their status on the market, but the joint-stock land bank bonds did not have any contribution or aid from the Government, and the consequence was that they sank to something like the value of the land upon which the mortgages were predicated.

Mr. FRAZIER. If this bill goes through, it will raise the value of the bonds.

Mr. SMITH. Let me get this idea to the Senator, that the loan by the Government of \$100,000,000 to increase the credit of the Federal land banks and \$25,000,000 to be used to aid delinquents changed the picture so far as the bondholders of the Federal land bank were concerned; but, outside of the \$25,000,000 to extend the time of the delinquents, there was not one penny's aid to any mortgagee under the Federal land bank, and all of us know that the present value of the land is such that had it not been for the \$100,000,000 and the \$25,000,000, there is no telling where the Federal land-bank bonds would have gone. It only postpones the evil day. The inevitable will come. We are not relieving the farmer himself. The Federal Government is only postponing the evil day.

It is now said to us that if we attempt to scale down the mortgages in the Federal land bank, we will jeopardize the bonds outstanding. We are more solicitous about the bonds outstanding than we are about the poor devil who has to pay the interest and amortization on the bonds.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield.

Mr. WAGNER. Nobody is concerned with the bondholder, except that there is this question, that the mortgages are put up as security for the bonds, and certain conditions were made with the bondholder when he purchased the bonds.

Mr. SMITH. Exactly.

Mr. WAGNER. And we cannot violate those conditions.

Mr. SMITH. We cannot violate a condition to a bondholder, but we can let the farmer lose his home and be put out on the road because we will not make an appropriation.

Mr. WAGNER. What does the Senator suggest shall be done?

Mr. SMITH. I suggested that the best plan for us was to make an appropriation for a scaling down and take care of the matter.

Mr. WAGNER. Wherever it is legally possible to do that, a provision should be made to scale down.

Mr. SMITH. Let us make it legal.

Mr. WAGNER. How are we to do it?

Mr. FRAZIER. Mr. President, I want to say to the Senator from New York that the bill I am proposing would



take care of the situation. That is why I am proposing it. This is the third session during which I have introduced the bill, and 20 State legislatures have endorsed it, and memorialized Congress to pass it.

Mr. WAGNER. Of course the unlimited printing of money—

Mr. FRAZIER. It does not provide for an unlimited printing of money by any means; it provides for a limited inflation of the currency to take care of these farmers who are losing their homes because of no fault of their own, but because Congress has passed special-privilege legislation for the people who manipulate the prices of the products the farmers have to sell.

Mr. WAGNER. I do not know anything about that.

Mr. SHIPSTEAD. Mr. President, will the Senator yield to me?

Mr. FRAZIER. I yield.

Mr. SHIPSTEAD. I should like to ask a question of the Senator from South Carolina, in view of some of the statements he has made. The statement has been made that we can do nothing to violate the interest of the bondholder who holds bonds against these mortgages. Is there any reason why we should appropriate \$100,000,000 for his benefit out of the Federal Treasury, as we did?

Mr. SMITH. And appropriate \$2,000,000,000, in the pending bill, to take care of the joint-stock land bank bonds.

Mr. SHIPSTEAD. Yes.

Mr. SMITH. I defy any Senator here to analyze that.

Mr. FRAZIER. It is more than that. The Government guarantees the interest on the \$2,000,000,000 worth of bonds for the life of the bonds.

Mr. BORAH. The joint-stock land bank fellow is taken care of. Let us pass on to the Federal land bank.

Mr. FRAZIER. They are taken care of under this bill.

Mr. BORAH. Not under this bill.

Mr. FRAZIER. Yes. The Federal land-bank bonds are going down, as well as the others.

Mr. BORAH. I refer to the mortgagor.

Mr. WAGNER. Let me say this about the joint-stock land bank—that is one of the phases of the matter about which I do not know very much, except this, that they must liquidate; they cannot make any new loans, and they cannot issue any more bonds. If they sell their bonds to the Federal land bank—and undoubtedly if what is said as to their value is true, they will have to sell at a price lower than the face value of the mortgage—to the extent that there is a reduction in the principal of the mortgage, that is passed on to the farmer. The farmer gets the benefit of that reduction. Wherever a mortgage is purchased by the Federal land bank at a price lower than the face value of the mortgage, the benefit is passed on to the farmer in every instance; but as to the outstanding mortgages, if there could be some way of scaling down, I would be quite willing to join in any effort that was legal.

Mr. NORRIS. Mr. President, will the Senator from North Dakota yield to me again?

Mr. FRAZIER. I yield.

Mr. NORRIS. I should like to say that the committee reached the conclusion that they could not scale down the mortgages in the Federal land-bank system unless we took the money out of the Treasury to make good the loss.

Now just for a moment consider that system. First, this system, we hope, is to continue to operate. It is not like the other system. There is no attempt to stop the business. If we ever get in the condition which we hope to reach, we expect the farm banks to continue doing business and making loans.

Mr. FRAZIER. Let me ask the Senator, What about the farmer?

Mr. NORRIS. I will come to the farmer. Just let me explain the matter as I see it.

The committee discussed this subject fully and at great length. It called in the experts. It called in the lawyers. It said, "How can we scale down these mortgages held by the farm-land bank?"

The farm-land bank derives its money from the sale of bonds, with these mortgages as security. Would not the bondholder, as a matter of fact, be able to prevent the scaling down of these mortgages, which are the only security he has for his bonds? We might pass laws from now until January which would do that, but they would be null and void. It could not be done unless we would make good the ensuing loss. Remember, also, that if we should say—if we could do so constitutionally—all these mortgages, or half of them, are canceled, the law would not have any effect. But suppose it should, that would end the farm-land-bank business; they never could sell another bond on earth. So, as I looked at this question and as the committee looked at it, the conclusion was reached that it was an impossibility to scale down the debts the mortgagors owed to the Federal land banks unless we took the money out of the Treasury and put it into that system to make good the loss.

I believe that opinion is good as a matter of law. I do not see any escape from it. It seems to me we are perfectly helpless, and we might just as well face the truth and not try to get around it. Everybody would like to scale them down if it could be done, but I do not see how it can be done.

Mr. SHIPSTEAD. Mr. President—

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Minnesota?

Mr. FRAZIER. I yield.

Mr. SHIPSTEAD. That is true as to every mortgage holder; we are estopped only by the bondholders of the Federal land banks.

Mr. NORRIS. The Senator is talking about something that I think I can easily differentiate. When it comes to an individual mortgage holder, the bill which we are trying to pass provides that there will be a scaling down, but that has got to be done with his consent. The bondholder in the Federal land-bank system does not own a mortgage; he has not got a mortgage. The mortgages are in Federal land banks; those banks have issued bonds on the strength of them, but those throughout the country who have bought such bonds do not hold the mortgages; they do not own the mortgages. Every mortgage is a part of the security of every bond that is floated, and it would be necessary to get the consent of every bondholder before, under the Constitution, the mortgage could be cut down one cent.

Mr. FRAZIER. Mr. President, the Senator from Nebraska is speaking on the assumption, of course, that the Federal land banks are going to be continued and put on their feet. If it were not for this regulation, does the Senator think that the Federal land banks would not scale down their mortgages?

Mr. NORRIS. They could not do it.

Mr. FRAZIER. They would have to or foreclose, just as the joint-stock land banks are doing.

Mr. NORRIS. If a Federal land bank has a mortgage on my farm for \$10,000 and concludes that my farm is only worth \$5,000, it would have to go through foreclosure.

Mr. FRAZIER. Yes.

Mr. NORRIS. That would be the only way to scale it down, and everybody must abide by that.

Mr. FRAZIER. Then the bill is to save the land banks and not the farmers?

Mr. NORRIS. Yes.

Mr. FRAZIER. That is it.

Mr. NORRIS. Does the farmer want the land banks saved?

Mr. FRAZIER. Oh, no; under existing conditions the land banks are of no value to the farmer, because he can not pay out, and the land banks are foreclosing.

Mr. NORRIS. But the farmer gets a moratorium; he gets a reduction in interest, and the Government makes good that reduction of interest by the payment of the money, \$15,000,000, out of the Treasury of the United States.

Mr. FRAZIER. There is that benefit, of course; but that is only a small benefit. It still leaves the interest so high that the farmer cannot pay it.



Mr. NORRIS. I agree with the Senator; but our whole system may go down; our Government may fall; but so long as we have courts that are going to enforce the Constitution I do not see how we could do something, no matter how anxious we might be to do it, that would be impossible under our system of Government. It would be just an impossibility.

Mr. TYDINGS. Mr. President, I ask for order.

Mr. FRAZIER. Mr. President, the time is limited; a vote is to be taken at 1 o'clock, and I must hurry on, because I understand there are some others who wish to speak.

Mr. TYDINGS. Mr. President, I rise to a point of order.

The PRESIDING OFFICER (Mr. BLACK in the chair). The Senator will state it.

Mr. TYDINGS. With 25 Senators standing on the floor in groups, I cannot follow the debate that is going on.

The PRESIDING OFFICER. The point of order is well taken.

Mr. BORAH. The Senator from Maryland himself makes 26.

Mr. TYDINGS. And the Senator from Idaho makes 27.

Mr. FRAZIER. Mr. President, talking about the low prices of farm products, a farmer in Pennsylvania told us he was only getting 60 cents a hundred for his milk, which is practically a cent a quart; in the Midwest States, eggs, 6 cents a dozen; corn, 10 cents a bushel; oats, 3 cents a bushel; potatoes, 9 cents a bushel.

It is true that some loans are being made to the farmers through the Reconstruction Finance Corporation with Government money. They are the so-called "barnyard loans." I want to give the Senate just one instance of a "barnyard loan" as reported to me from my State. They sent out an appraiser to make these loans to the farmers. The local bank has a mortgage on their livestock and their cattle and farm machinery. The banker wants to have that mortgage paid. So he has one of the clerks of his bank go out with the appraiser for the "barnyard" loans. The bank clerk says, "Mr. Farmer, you owe the bank so much; we want to make arrangements under the 'barnyard' loan act to get you some Government money so that you can pay off our bank." They figure up everything that they have got on a fair valuation on the present time under that mortgage, but it does not come to quite enough—this is a case of which a farmer himself told me—to raise sufficient money to pay off the banker. The appraiser said, "Have you not something else you can put into this mortgage? What is that old wagon over there?" The farmer said, "It has only 2 wheels; 2 of them broke down 2 or 3 years ago." The appraiser replied, "That is all right; we will put it in for \$20", and he put it in the mortgage. He figured again, and he said, "We are still \$40 shy. What is that old machinery over by the fence?" The farmer replied, "That is an old header that I have not used for 5 years." The appraiser said, "Put it in for \$40." It was put in and the farmer got money enough from the Government to pay off the local banker. The local bankers are apparently the only ones who are getting "barnyard" loans in North Dakota. The Government money is being used to pay off the bankers. Of course the bankers need to be paid; there is no question about that; but the farmers themselves should have some relief also.

Mr. President, I have had all kinds of petitions and letters and resolutions favoring my bill. Farm organizations have endorsed it. The Farmers' Union and the holiday-movement organization have endorsed this bill a hundred percent. Farmers all over the Nation have endorsed it.

Mr. President, during the last few months the farmers have gotten so desperate that they have been organizing to block foreclosures, and they have prevented foreclosure sales through their own organizations, taking the law into their own hands, if you please. That has been done not only in the "wild and wooly West" but in the South and in the North and in the East. Within 40 miles of the National Capital a sale was blocked in old Virginia only a few weeks ago.

Mr. President, a National Farmers' Holiday Association has been organized throughout the great agricultural States. Organized. What for? It has been organized by the farmers to protect their families and their homes and their business. That is what it is organized for. An announcement was made in the press by the president of that great organization, Milo Reno, of Iowa, one of the great farm leaders of the Nation, who says that if they cannot get the legislation they want, and if prices do not come up during next month, they are going on a strike—a farmers' strike. That is what they call their "holiday" movement.

Mr. President, I said on the floor of the Senate on a previous occasion that the most hopeful sign that I see for American agriculture today is the fact that the farmers are organizing for their own benefit and protection; and when the farmers become strongly enough organized we will not need to pass legislation for their benefit; they will control the prices of their products; they will fix their own prices. Oh, some may say, that would be wrong; it would put prices up too high; but, Mr. President, I say it would take the farmers at least a quarter of a century to get even for the penalizing and the robbing that has been taking place at their expense all these years.

Mr. President, the Congress of the United States has at various times passed what might be termed "special-privilege" legislation. It is commonly stated, by way of propaganda, over the radio and in the press that we cannot legislate prosperity for the farmer or anyone else. Well, the Congress has legislated prosperity time after time for many business organizations. The Federal Reserve Banking Act, which was passed in 1913 and since amended, I do not know how many times but almost an innumerable number, has legislated prosperity for the bankers—there is no question about that—until now the Federal Reserve banks can buy bonds and deposit them as security and on them Federal Reserve notes can be issued with which to buy more bonds. Oh, yes; it is a merry-go-round for the bankers, and yet they say they are going broke even at that. This Wagner substitute will help them some more.

Congress passed the Esch-Cummins Railroad Act which guaranteed, if you please, a profit to the railroad companies. Various tariff laws have been passed for the benefit of the big manufacturers, and they have benefited them. We put a tariff on some farm products; that is true. We have a tariff on oats of 15 cents a bushel, but they sold for 4 cents in North Dakota last winter. We have a tariff on flax of 65 cents a bushel, and it sold for 70 cents in North Dakota. The tariff is not very effective on flax or on any other farm product, but on manufactured products the tariff is effective and has been for all these years.

The United States loaned a great deal of money to the nations allied with us during the World War. Those nations said they could not pay the interest, although they were only charged from 3 or 3½ percent, and so we got together with them and appointed a commission to scale down those debts, and they were scaled down. Oh, yes; the debt of Italy was scaled down to \$2,150,000,000 with interest at practically 1½ percent for 62 years, and then the debt is canceled. On the average, the \$12,000,000,000 of loans to foreign nations, representing the war debt, was scaled down to 2½-percent interest for 62 years, and then the debt will be canceled. Talk about special legislation!

We have given the shipbuilding interests a subsidy. We sold them, through the Shipping Board, ships at a fraction of what they had cost the Government, and then the Post Office Department gave them contracts to carry the mail, the contracts being sufficiently large so that they could pay for the ships out of the money received. Oh, yes; and yet the farmers, who do the work and produce the new wealth of this country, who feed the Nation, cannot get any special legislation for their benefit.

Mr. President, it is about time that the Congress wake up and do something for the American farmer. If we do not do something pretty soon it will be, as the Senator from West Virginia said the other day, too late. The farmers are



organizing; they are going to do something for themselves if they are forced to go on as they are going. They are now organizing the farmers' holiday movement, which I suppose is the most militant farm movement ever organized in this country or any other country on the face of the earth; and, believe me, Mr. President, they are ready to go the limit; and why not? Their very homes, their life's savings, are being taken away from them. Why should they not organize?

Up in North Dakota the Governor issued a proclamation that no more foreclosures should take place within a period of 3 years, and he said he would back that proclamation up by the State militia. The other day up in Bismarck a little home was attempted to be foreclosed, the sale was advertised, but the Governor told the adjutant general and the captain of the local National Guard in that city to go down and see that the sale was called off. The sale was called off. The man who owned the little house was of Scotch descent, who, when the war was declared, wanted to get into it. He went to Winnipeg and enlisted there before the United States got into the war. He joined that famous Princess Pat Regiment—practically every man of which was wiped out. This man happened to be one who came back. His little home in Bismarck was mortgaged; some hard-boiled banker wanted to foreclose on it, and the Governor had to stop the foreclosure with the State militia, and save the veteran's home.

Mr. President, we have made a lot of mistakes. There is no question about that. Mistakes have been made and, in my opinion, we have not done all that we should. Mistakes have been made by party leaders in many instances. I do not need to cite any incidents, but there have been mistakes made by party leaders.

A few days ago we were all horrified to read in the morning paper and hear over the radio that the \$5,000,000 queen of the air, the *Akron*, had crashed, and that only 3 survivors out of 76 passengers and crew and officers were saved. We were more shocked a day or two afterward when the surviving officer told the press that they had left their hangar in New Jersey at 7:30 o'clock in the evening, after dark, had made a trip out over the ocean to test out some broadcasting apparatus and so forth, and ran into a terrible storm. After an hour or so they turned back over the land, but apparently their orders were such that they were directed to go back out over the ocean again. They went back straight into the storm. Somebody blundered!

Yes, Mr. President; I think there were two blunders. If there was such an order from the Department, that was a blunder. The captain who steered that ship back into the face of that storm blundered for carrying out such military orders. The great airship was a fair-weather ship at best. We learned that it needed repairs and needed them badly, and that the ship was going to be repaired as soon as this little voyage was concluded. So the great airship, the queen of the air, went down because somebody blundered.

Oh, yes; we make mistakes. Our great ship of state today is in need of repairs. It is sailing through a tremendous storm and has been buffeted by such storms for months and months. If it is going to survive, it must be steered into smoother water and fairer weather. The agricultural part of our ship of state is on the rocks right now because the Congress has sat idly by and allowed the farmers to be robbed, to be plundered by an organized bunch of racketeers. Business interests with their interlocking directorates all get their full share of the profits out of the handling of the farmers' products. A common example is given that a few years ago the total sale of farm products amounted to \$7,000,000,000 in the United States. That is what the farmers got for them. After they went through the hands of the highly organized handlers of the farm products the consumers paid \$22,000,000,000. In other words, the farmer dug out of the soil the new wealth amounting in that year to \$7,000,000,000 all told, but the consumers paid \$22,000,000,000, and thus those who handled the farmers' products made the enormous profit of \$15,000,000,000. They are doing the same every year.

Mr. President, the farmers' property was deflated beginning in 1920—by whom? It was deflated by the Federal Reserve Board. We have been giving that Board more power in every Congress since I have been here and over the protest of the progressive group. We are giving them more power in the so-called "administration plan" now before us and a further chance to make more profits. They started the deflation with the farmers; they broke the farmers; they made them lose their farms, their homes, and everything they had—their life's savings. Yes; and the Federal Reserve Board is a creature of the United States Congress, too!

Mr. President, it is time we are doing something for the farmers as well as for the bankers, the railroads, the insurance companies, and the rest of the great interests.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Louisiana?

Mr. FRAZIER. I should rather not yield, as the time is short.

The PRESIDING OFFICER. The Senator from North Dakota declines to yield.

Mr. FRAZIER. Mr. President, a great deal has been said recently in our discussions about the theoretical law of supply and demand. Someone always refers to the law of supply and demand when we talk about farm prices. Anyone who thinks that the law of supply and demand—that purely theoretical law of supply and demand—controls the prices of farm products either does not know or does not want to know how the markets of farm products are manipulated. The gamblers in farm products can surely manipulate prices, and they do. They manipulate the prices of our food products to the detriment of the farmer and also to the detriment of the consumer to the amount of \$10,000,000,000 to \$20,000,000,000 a year.

As I said, 20 State legislatures have memorialized Congress to enact this measure into law. I have the list of States and it will take only a moment to read it: Montana, Nevada, Wisconsin, Illinois, Minnesota, North Dakota, California, Nebraska, Oregon, Indiana, Arizona, Idaho, Colorado, Oklahoma, South Dakota, Tennessee, Iowa, South Carolina, Kansas, and Michigan.

Mr. President, those States have the bulk of farm mortgages throughout the United States—something over \$6,000,000,000 of farm mortgages, according to the last reports. They are interested and their farmers are interested in saving the farm homes. The business men are interested, the legislators are interested, and everyone in the agricultural States is interested, but here in Congress we seem to be more interested in the bond buyers and the Federal Reserve banks than we are in the welfare of the farmer. Under the terms of this bill we are giving the bond buyers 4-percent interest on the bonds, guaranteeing the interest for the life of the bonds. They might as well be straight-out Government bonds.

Mr. SHIPSTEAD. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Minnesota?

Mr. FRAZIER. I yield.

Mr. SHIPSTEAD. With great eloquence here today it has been explained that the bondholders must be protected, and whatever benefit is bestowed upon them by the Government cannot be reflected to the farm borrower. When we gave them \$100,000,000 last spring we did not specify the conditions of the appropriation. We were told the farmer would get the benefit. We should have provided for \$100,000,000 in reduction of mortgages held against the bonds. That is the only way we could properly spend \$100,000,000 for the benefit of the farmer.

On yesterday we arranged to furnish another \$100,000,000 in such a way that they can take up \$250,000,000 of bonds, making a profit of \$150,000,000 if bonds are bought at present value. It is said we had to give them a profit in order to make good their losses, but if they lost all of their capital they could not lose more than \$30,000,000, because that is all their capital. They cannot lose any more than their



capital and that amounts to only \$30,000,000. If we gave them this money to make a profit, they can take all they can possibly lose, or \$30,000,000, and have a possible profit of \$120,000,000 more.

Mr. FRAZIER. Mr. President, I thank the Senator from Minnesota for his statement.

The farmers throughout the Nation are probably more familiar with the so-called "Frazier plan" than they are with any other farm measure that has ever been introduced in the Congress of the United States. The farmers throughout the United States are hoping and praying that the Congress will adopt this plan in order to save their homes from foreclosure, in order to save their life's work, in order that they may buy back the old homesteads which they lost by foreclosure in the last few years.

The prayers of the farmers of the Nation will be answered if the amendment incorporating my plan is adopted as a substitute for the so-called "administration plan." The Congress ought to lighten the burdens of the farmers by lowering their rate of interest—by giving them a reasonably low rate of interest and a reasonably long period of time in which to pay their loans.

The farmers' plight is one that cannot be fully described. They have gone out into new sections of the country and, with their bare hands, with the aid of their wives and families, have built their homes, in many instances. After 30 or 40 years, in thousands of cases, their homes have been and are being taken away from them, their life savings all gone through the dread foreclosure of the mortgages upon their homes and properties. It is time for Congress to come to the relief of agriculture.

Mr. NYE. Mr. President, I am sorry there has been an agreement as to a time to vote upon the matter. I know there are others here who want to be heard; and if it will be of any assurance to them at all, I mean to be exceedingly brief and afford as much of the remaining 35 minutes as possible for distribution among them.

Arthur Brisbane, in his column published this morning, said:

Every rich man in America, from banker to bootlegger, asks every other rich man what leaving the gold basis means. Those that need to ask the question are men on small salaries. Prices of food and other necessities will go higher, but their salaries will not go higher, or, at best, rise slowly.

It would have been a good idea to have left the gold basis before Nation-wide salary reductions were forced on employers.

As usual, when big things happen, it is the "little man" who gets hit. In war he gets shot. In panics he gets poor. In depressions his wages go down. Off the gold basis, his dollar is worth less.

But he is very patient.

The "little man" is indeed very patient. But in these days, when we are striving to accomplish genuine improvement, let us beware of action which may prove nothing more than action empty of both help and promise. Without a true exercise of that caution America may quickly find that there is a point at which the patience of the "little man" snaps and breaks. None are so blind today as to fail to see what the result of abandonment of patience will mean.

The pending farm bill, to which my colleague offers the amendment upon which we are about to vote, has been accepted by the farm people of this country as something worth while. Many who accept it as good have little or no acquaintance with the measure. They accept it on faith. But here in our own ranks, let it be admitted, there is not as large a measure of confidence in the proposal as one would like to see. Instead of declarations revealing enthusiastic backing of the bill and a confidence in its ability to accomplish the change so desperately needed on the farms of America, instead of this Senators are speaking of the bill as a "glorious experiment." Many have been heard to say, in effect, "We do not know what this bill is going to do; we hope it is going to do some good. Anyway, it is an attempt to improve the agricultural situation, which now is quite unbearable."

Let me warn the Senate that we had better know what we are doing. I am sure the farm people, after years of experience of this kind, are in no frame of mind to tolerate

further experimentation. They have been wondrously patient. They have watched leaders cast aside legislative measures which would have gone directly to the correction of the ills of agriculture, and, in their stead, force the adoption of experimental measures until they have grown sick and tired of the practice. They are like the patient who refused to submit to a thirteenth operation after the same surgeons had gone forward 12 times with operations they frankly declared were quite experimental and might not remedy the fault with which he was afflicted. Patience, I fear, has ceased to be a farmer feature upon which America and her lawmakers and administrators can longer depend. If I do not mistake the tenor of those I know so well, the farmer today expects action—direct action. Without it he loses his home. He cannot longer continue to hold out against the ravages which have beset his course for so many years.

None can blame the farmer if he has lost, or is about to lose, his patience. The Senator from New York [Mr. WAGNER] a day or two ago declared that the troubles of debt so burdensome to the farmer today are traceable to the war. I remind the Senate that something resembling rebellion on the farms existed even before the war. Back in 1916 the farmer set out to correct the evils of a marketing system which was oppressive to his interests. He sought control of State legislatures, and suffered all manner of abuse by reason of his early effort. Then came the war. A continuation of his activity during that period was subject to the charge of disloyalty, and he continued to take "bitter medicine" during the years of that war while he saw others growing wealthy through the same war. Helplessly he submitted to the fleecing administered by the Federal Reserve bank through the deflation program of 1920; and ever since that day he has watched things go from bad to worse while his Congress and his Government experimented upon him.

Until 1928 he got nothing in the way of legislation. First he listened to majorities in Congress declare that the agricultural trouble was not real at all; that whatever trouble there was existed alone in the farmer's mind; he should go to work and help himself more; that was the one thing needed—not legislation to help the farmer. The farmer hopefully watched these adverse majorities dwindle. Then his patience was made to bear the suffering and discouragement of presidential vetoes. Then came experiments in the stead of the direct-action legislation a majority of Congress passed and saw vetoed. These experiments are too freshly in mind to call for their recitation here and now. It is sufficient to say that those experiments carried their sponsors to political graves. Yet, though these graves are still new, we find on every hand in our midst here men who are ready to try more experiments upon the farmer.

I am sure that this farm bill carries features meriting approval. I can see some improvement in commodity prices coming out of this legislation. At moments I fear the cost of accomplishing that improvement will dangerously offset any gain; but my greatest fear is that the remedies afforded in the bill are too inadequate to accomplish the fuller measure of improvement which must be enjoyed if farm homes are to be saved to their owners.

I sincerely hope that the measure can and will be so administered as to prove the existence of greater value in the legislation than its sponsors, who speak of experimentation again, seem to see in it. While I expect to support the measure when the call comes to vote upon it, I shall do so not because I believe it to be the measure of legislative help necessary, but because it is the maximum of help to be expected at this time. If it is inadequate, then the quicker we pass the measure the quicker will its inadequateness be demonstrated; and when that is demonstrated I have confidence that our administrative leadership will not hesitate in affording more adequate help.

But why, I ask, should we not avail ourselves of such opportunities as present themselves to strengthen this bill and make it something more than an experiment? The bill carries a refinancing feature intended under certain conditions to make help available to the farmer, such as will



enable him to refinance his mortgaged indebtedness at  $4\frac{1}{2}$  and 5 percent. True, this will be of help to some farmers, but to so few, I fear, as will mark little improvement in the general agricultural condition. Money must be much cheaper if the farmer is to recover from these many long years of depression which, after all is said and done, started on the farm.

Former Representative LaGuardia, of New York, in a dispatch under date of April 12 to his former colleagues here in Congress, expressed himself in the following manner regarding relief for the farmer in the form of obligations bearing  $4\frac{1}{2}$ - and 5-percent interest:

If it is true that farm mortgage bill provides for 5 percent interest I appeal to you and fellow progressives to vote against such damnable provision. Sanctioning by legislation at this late date of a 5 percent interest rate is not only unconscionable but indecent. By voting against the bill you will not only protect the farmer but will be voting for the best interest of the country and the future of our Republic. I am certain that administration and leadership sponsoring this bill have been not only misinformed, misled, but deceived. Bankers' advice should not be heeded; they have not only been exposed of their wretched misconduct and selfishness and disregard of public interest but their incompetency as well. They are discredited and are now cringing, seeking to perpetuate a cruel system of exploitation. Congress must not permit them to capitalize the misery of the farmers and the workers from which they can get dividends for the next 40 years. Mark you that bankers will exchange existing mortgages for absolute good assured bonds provided in the bill. Interest rate cannot afterwards be lowered. You will recall my bill which provided for 3-percent interest, of which only 2 percent would be paid to holders of present mortgage. At the time bankers with their backs to the wall were only too glad to get such a measure; it was either that then or a complete loss of farm mortgages. The courageous spirit of self- and home-preservation displayed by the farmers of Iowa will be emulated all over the country unless their interest rate is brought down. If proper protest is displayed now the country will back such action and a low rate of interest can be written into the law. Bankers are chuckling that they are putting something over on Congress and the American people. They are too stupid to see the handwriting on the wall. Stick to 3 percent interest, of which 2 goes to the mortgage holders, as per my bill, which you will find on file and which at the time I can assure you had the approval of persons up to the very highest of present administration.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. NYE. I yield to the Senator from New York.

Mr. WAGNER. I think there is a sort of misapprehension that we have fixed a rate of  $4\frac{1}{2}$  percent for future loans to the farmer. We have not fixed any such rate. For the next 5 years it is not to exceed  $4\frac{1}{2}$  percent; but if the bonds which are to be issued, the interest on which is guaranteed by the Government, are sold at a lower rate of interest, to the extent that it is lower the farmer will get the benefit, because while there is a limit of  $4\frac{1}{2}$  percent during the period of 5 years, under the general provisions of the law there is to be a spread of only 1 percent between the amount paid for the money and the amount charged for the money. So that if these bonds should be sold for  $2\frac{1}{2}$  or 2 percent, the farmers will receive their loans for 3 percent.

There has been a misapprehension that there is a fixed and inflexible rate of interest to be charged. It is inflexible only pending the determination of how successful we are in selling the bonds which are to be issued under the measure.

Mr. NYE. Let me ask the Senator a question: Do not the provisions of his amendment require the bonds to be sold at not less than 4 percent?

Mr. WAGNER. Oh, no; there is no such provision in the bill.

Mr. NYE. Then it reads "not more than 4 percent"?

Mr. WAGNER. "Not more than 4 percent."

Mr. NYE. But it seems to me that is a virtual guaranty of the rate at which the money is going to be available to the Government—4 percent. If we carry on for a matter of 4 or 5 years and let the people who are ready to do so invest in securities of this kind, they are going to take their 4 percent, and that rate is going to be fixed for 30 or 40 years as the lowest rate of interest available to the American farmer.

Mr. WAGNER. Of course, that is not entirely the experience. The maximum fixed is not always the amount which is paid in the way of interest. I was going to ask

the Senator whether he expects the bonds provided for under the Frazier amendment to be sold at 1 percent.

Mr. NYE. No; I do not expect that they can be sold. I expect that the requirement will be upon the Federal Reserve System themselves to take those bonds and to issue the currency against them.

Mr. WAGNER. So that this is really a proposal to print money up to the extent, possibly, of \$12,000,000,000, because that is the total of outstanding secured and unsecured indebtedness.

Mr. NYE. Oh, Mr. President, the last person who ought to complain about basing money upon land, as we would be doing under the Frazier amendment, is the Senator from New York, who, I know, is in hearty accord with the program which has come to us within the last few days which would authorize the issuance of money without any backing whatsoever.

Mr. WAGNER. May I say to the Senator that that very bill provides that as money is issued, Government obligations are retired. To the extent that the money is issued, Government obligations are retired, which is quite a different proposition.

Mr. NYE. Then, too, we must not forget that on the opening day of this session of Congress we authorized the issuance of a kind of money that had no Government bonds back of it, or the retirement of which did not mean the retirement of Government bonds at all. We permitted the bankers to come forward with their assets, whatever they might be, and have currency issued against them; but the minute the American farmer says, "Let my land, which is here today, tomorrow, next year, and for all time, be a basis for money" we throw up our hands and say, "Oh, my! That is unsound money. That is loose talk." Why is it?

Mr. WAGNER. In the first place, those loans are very short term loans, which is quite a different thing; and when the loan is liquidated the amount of currency which is issued is retired at the same time. They are all short-term loans. This is an entirely different proposition.

Mr. NYE. Mr. President, if I may, in the remaining few minutes, be permitted to get back to the thought I was trying to convey, I wish to remind the Senate again that the farmer is in no frame of mind to be played with or experimented with. I hope that the bill that is written and that is going to be passed here will work out much more satisfactorily than anyone here seems to think it will, because if it does not, heaven alone knows what the consequences, not alone to the farmer but to his Government, are going to be.

Anyone who has contact with the farmer these days, anyone who knows how he has hoped and prayed and looked forward to this promise and that promise from month to month, knows that he is not going to stand it much longer merely on the prospect of more promises. We all get a great deal of mail from the farmers. I was tempted at one time during the last few hours to bring here to the Senate Chamber a hundred or 200 or 300 letters, all of which express the thought which I want to leave with the Senate here this morning, namely, that it is time we got something direct, something positive, to improve commodity prices that will enable the farmer to refinance his indebtedness, and enable him to maintain his home. But I am going to resort to only two such letters. One comes from a particularly eminent farmer in my State, a farmer who a few years ago was considered wealthy, a farmer who had pioneered, homesteaded, and built up a fine home, and then in more recent years found his equities, his savings, his property, vanishing to such a point that last June, when he went away from home for a month, he left the farm in the hands of his boys and asked those boys to undertake the job of shearing 250 sheep. When he returned home he found those sheep sheared, and he found a great mound of wool stored away, ready to be bundled up and carried to the market. He bundled it up and carried it off to market, and when he got to market he found that all he could get for that wool from 250 head of sheep was not enough to buy a suit



of clothes for each of the two boys who had sheared those sheep.

The same man writes that he discovered, as many others have discovered, that he could not carry upon his back from his wagon to a warehouse enough hides to exchange for a pair of decent shoes. He saw his equities going from year to year and from day to day, and I know what is in that man's mind when he sits down and writes as he did to me within the last few days. He said:

But I sometimes think it were as well to let everything go down to the very bottom while we are at it as to try to patch up and be fleeced again in a short time. As far as the farmer is concerned we are about as low as we can get. We cannot and we will not pay taxes and interest and we refuse to have our property taken away and we refuse to move. No more "for sales" around here. About 2 weeks ago four or five hundred farmers met up at the county seat and stopped one foreclosure sale and I do not think we will have any more for a while, so things cannot get much worse for us. Let the big fellows bust, too; that is, those that are left, if that is what they want. They cannot get any more out of us. We will manage to live somehow. We won't worry. Let the other fellow worry now for a while.

That is just one little picture of the thought that exists in the agricultural mind today. The farmers are about ready, in other words, to engage, if need be, in a program that will destroy every institution and bring it down onto that level which they have occupied for the last half dozen or dozen years.

Just one more letter, and I will read very briefly from it. I do not quote this letter because I desire to cause any particular response or to be sensational, but this man and his wife who wrote me this letter, which I read in part, say this:

It looks to me, when a government gets down so low and so greedy that they will starve their own people to death in the midst of plenty, the sooner the government goes to hell the better it will be for the rest of us.

Mr. President, I could resort to any number of letters, as other Senators could, showing that dangerous spirit which exists in the farm mind today, and yet we frankly confess here today that in the pending farm bill we are going to experiment some more with the farmer.

I hope with all my heart, Mr. President, that it may be a most successful experiment. The farmers are not ready to bear up under any more failures, and, now that the opportunity is ours to do something more than experiment and to reach out to the farmer a proposal that he may refinance his farm indebtedness, requiring, in payment, only a matter of 3 percent per year to cover the interest, and to cover the amortization on the principal, why should we not take it, why should we not accept it? We are going to do it sooner or later, and we might better do it sooner.

#### FORTHCOMING ECONOMIC CONFERENCE—PROPOSED REDUCTION OF WAR DEBTS

Mr. LEWIS. Mr. President, before the vote on the pending amendment, which I understand is set for 1 o'clock, I desire to submit an observation which, while not directly connected with the amendment, is necessarily a cousin to it.

I recall that some time past when in Egypt I allowed myself to attend a form of celebration where the death-head is brought in to confront the feast of joviality. It is no desire of mine to tender such a deadening influence upon a feast, but there is at this moment a serious thought which urges upon me the necessity of expression.

If the pending farm bill is to be a success, if the financial measure that is under consideration is to harmonize with it, and both together to work to the success of our country, there must be no such adventure as comes this morning to our notice in a threat to the United States.

Publicly it is asserted that, at the meeting which is to be held here and at London between the representatives of the foreign nations and those of the United States looking to the form of an economic conference, before any measure shall be taken in the shape of trade economy or bank or tariff finance, something must be advanced as a policy disposing of the debts owed by the foreign nations to the United

States, and that these must first be treated on the basis of revision or cancellation.

Sirs, we read in the cables flashed from Europe that in some form there must be agreed by the United States, if not to cancellation, to a plan of a general revision of the whole foreign debts alleged to be owed the United States.

Mr. President, I have no intention of sounding a warning that takes on the form of a threat or intimidation. But I wish to say as a Senator representing, with my honorable colleague, one of the sovereignties of America, which will be affected in some form by this arrangement, whatever shall follow this meeting, that as asserted now by the representative both of France and of England, as reported in the press, before any concession will be made to the United States touching the matter of trade, and before any arrangement can be arrived at that shall result in some better relationship of cooperation between the countries in the matter of commerce and tariffs, there shall first be a consent by our Nation to revision or cancellation of the debts as a consideration before any action prescribing trade regulations of these harmonies shall be undertaken. If it be true that the consent to a further reduction or cancellation be the first move, then the proceeding had best end now. Here I proclaim as Senator, I am compelled to say that if at the very outset it shall be tendered to the honorable President of the United States, and those who represent him, that there must be a consent first that there shall be a revision or some form of cancellation, or cancellation or some form of revision, this conference will not succeed. It will be a failure. Mr. President, the suggestion of such necessity will be treated as a deliberate threat upon our Government of injury to us unless we surrender to the demand—

I wish to say that the American people are in no temper to be intimidated by these forms of propaganda sent by cable to precede this gathering—the generators of this flash only and to illuminate with a new fire or some fire a new prejudice or hatred. We wish peace and harmony, but the American people will not adopt any proposal by any administration of any politics or of any nation that compels the canceling of the international obligations or the revision of them. Such result would put upon the farmer a new and increased burden, as is suggested by the speeches of the Senators from North Dakota. It would mean an extraction from our Treasury of the money needed to pay our soldiers. It would deprive us of money needed to pay the interest on bonds due our own people.

I conclude by saying, as I rise to make the protest, that if there shall be an attempt made to make the revision of the debts, or the cancellation of them, the basis for the consideration of our economic parley, whatever may be its end, it had better not be proposed. The attempt to achieve it is the end of the conference. The American public will not tolerate entering upon the consideration by first surrendering America to the extortionate demands of the foreign nations. Nor will our people tolerate America to again be put in the position that while she ostensibly announces to our countrymen that this was to be an economic conference looking purely to the adjustment of trade she was trapped in the design, or was yielding to it, of tricking the American public and the people of the Nation by which the money due from nations who borrowed from us was juggled from us.

Mr. President, allow me to say that if such scheme shall once possess the mind of the American public as the purpose in hand, it will end the usefulness of this conference. The prospect or effort toward success in the plan will fill the American mind with suspicion. It will put the foreign delegates in attendance as having treated our own nationals in an unworthy way. I am anxious to have us succeed, but I prefer failure to surrender. I rather go farther, and adopt the creed which we have, through Addison, in the address by Cato:

'Tis not in mortals to command success,  
But we'll do more. Sempronius—

We will deserve it. In this international meet America will be all-American—true to herself and just to all others.



## RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

Mr. NORBECK. Mr. President, I am not one of those who believe the farmer can get himself out of trouble by borrowing more money. The earnings do not permit him to pay 8-percent interest, nor 4 percent, nor even 2 percent. There must be something in addition to this bill.

I am quite distressed over the attitude of some Senators representing the industrial States, who have not all come to realize—or rather, they have forgotten—that national wealth comes from national resources, comes out of the farm, comes out of the forest, and comes out of the mines. But I must admit we have people who believe that big cities can be built and prosper on a desert; that a supporting country is not necessary. They do not realize New York is large because it has the trade of the continent. They do not realize that their business profits, the value of their property, their well-being and very existence are dependent upon the "back country."

I do not believe this bill will be the means of placing the farmer on a living basis, but I know that if interest rates could be reduced it would also reduce the farmer's annual loss. I vote for this bill because of the necessity of it. I vote for this bill because I desire to protest against existing conditions. I vote for the Frazier bill as a substitute for the administration refinancing provision, because I think such a provision is impractical; it is expected to relieve the farmer at the expense of the Treasury. I am afraid when we come to see its workings we will find it has benefited the mortgagee more than the mortgagor. Unless it is very well administered, it will permit insurance companies and mortgage companies to get a quasi Government bond for an uncollectible note and mortgage.

A couple of weeks ago I met with a hundred farmers representing various farm organizations. It was their opinion they would rather have nothing than to have the 4½-percent refunding provision, which is now carried in this bill.

Mr. President, it has been said in criticism of the Frazier substitute that it would take us off the present gold standard. I look upon that as an additional reason for supporting it.

Business prosperity cannot return until the national earnings are more fairly divided between all classes, so that each class may have some purchasing power. I believe that the agricultural depression, which started in 1920, is the major cause of the Nation-wide depression. Where there are no earnings, there can be no purchasing; without purchasing, the factories will stop. With idle factories, we have idle workingmen. With idle workingmen, we have what we now have.

Mr. President, I think it is so entirely unnecessary for a people as intelligent as ours, in a land of such great natural resources, to be in this kind of situation. We have reached the point where farm property cannot pay interest and taxes, and its value has shrunk badly. It does not pay a wage, half a wage, or even a quarter of a wage to the man who labors long days on the farm.

If the farmer could have had a fair price for his products in the last decade—that is, some wages for his labor—there would not now be any need of additional credit legislation. But it is going to take the farmer a long time to get back to a normal condition. In the meantime it would be helpful to him if the interest rate on his indebtedness could be reduced. This relief must come soon, for the land is fast passing out of his hands. Recent surveys show less land under mortgage than formerly. The farms are rapidly passing into the hands of the money lender.

If this farm-relief bill does what is expected of it—increase the farm-commodity prices a little—and we adopt the Frazier credit plan as a substitute for the provisions in this bill, the turning point will have come in agriculture, and the whole Nation will soon feel its effect. If nothing is done, we will continue in the direction we are going until all sec-

tions of the country have hit a common level, but it will be a low level.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Dakota [Mr. FRAZIER] to the amendment of the Senator from New York [Mr. WAGNER].

Mr. LONG. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. FRAZIER. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Lewis	Robinson, Ark.
Ashurst	Couzens	Logan	Robinson, Ind.
Austin	Cutting	Loneragan	Russell
Bachman	Dickinson	Long	Schall
Bailey	Dieterich	McAdoo	Sheppard
Bankhead	Duffy	McCarran	Shipstead
Barbour	Erickson	McGill	Smith
Barkley	Frazier	McKellar	Steiwer
Black	George	McNary	Stephens
Bone	Hale	Murphy	Thomas, Okla.
Borah	Hastings	Neely	Thomas, Utah
Bratton	Hayden	Norbeck	Trammell
Brown	Johnson	Norris	Vandenberg
Bulow	Kean	Nye	Van Nuys
Byrd	Kendrick	Patterson	Wagner
Capper	Keyes	Pope	Walsh
Caraway	King	Reed	White
Clark	La Follette	Reynolds	

The VICE PRESIDENT. Seventy-one Senators have answered to their names. A quorum is present. The question is on agreeing to the amendment offered by the Senator from North Dakota [Mr. FRAZIER] to the amendment of the Senator from New York [Mr. WAGNER].

Mr. LA FOLLETTE. I ask for the yeas and nays.

The VICE PRESIDENT. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. AUSTIN (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS], in whose absence I withhold my vote.

Mr. LEWIS (when Mr. DILL's name was called). I beg to announce that upon this vote the Senator from Washington [Mr. DILL] is paired with the Senator from West Virginia [Mr. HATFIELD].

Mr. KENDRICK (when his name was called). On this vote I am paired with the Senator from Vermont [Mr. DALE]. Not knowing how he would vote, I withhold my vote.

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent on account of illness. I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN] and will vote. I vote "nay."

Mr. McNARY (when his name was called). I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. Not knowing how he would vote, I withhold my vote.

Mr. THOMAS of Utah (when his name was called). I wish to announce that I have a general pair with the junior Senator from Maryland [Mr. GOLDSBOROUGH], and therefore withhold my vote.

Mr. VAN NUYS (when his name was called). I have a general pair for the day with the senior Senator from Connecticut [Mr. WALCOTT]. I understand that on this amendment he would vote in the same way that I intend to vote. Therefore I feel at liberty to vote, and vote "nay."

Mr. LEWIS (when Mr. WHEELER's name was called). The Senator from Montana [Mr. WHEELER] is paired with the Senator from Rhode Island [Mr. HEBERT]. I am requested to announce that if the Senator from Montana were present he would vote "yea", and the Senator from Rhode Island, if present, would vote "nay."

The roll call was concluded.

Mr. GORE. I have a general pair with the senior Senator from Ohio [Mr. FESS], who has been called out of the city. Therefore I withhold my vote.

Mr. McKELLAR (after having voted in the negative). I have a pair with the junior Senator from Delaware [Mr. TOWNSEND], which I transfer to the junior Senator from Texas and allow my vote to stand.



Mr. LEWIS. Mr. President, I wish to announce the following general pairs:

The Senator from Colorado [Mr. COSTIGAN] with the Senator from Rhode Island [Mr. METCALF]; and

The Senator from Wyoming [Mr. CAREY] with the Senator from Ohio [Mr. BULKLEY].

I also wish to announce that on this vote the Senator from Louisiana [Mr. OVERTON] has a special pair with the Senator from Maryland [Mr. TYDINGS]. If present, the Senator from Louisiana [Mr. OVERTON] would vote "yea", and the Senator from Maryland [Mr. TYDINGS] would vote "nay."

I wish further to announce that the Senator from Massachusetts [Mr. COOLIDGE] and the Senator from Colorado [Mr. COSTIGAN] are necessarily detained from the Senate on official business.

The result was announced—yeas 25, nays 44, as follows:

## YEAS—25

Bone	Duffy	Murphy	Shipstead
Bulow	Erickson	Neely	Steiwer
Capper	Frazier	Norbeck	Thomas, Okla.
Caraway	La Follette	Nye	Vandenberg
Couzens	Long	Pope	
Cutting	McCarran	Robinson, Ind.	
Dickinson	McGill	Schall	

## NAYS—44

Adams	Byrd	Kean	Reynolds
Ashurst	Byrnes	Keyes	Robinson, Ark.
Bachman	Clark	King	Russell
Bailey	Copeland	Lewis	Sheppard
Bankhead	Dieterich	Logan	Smith
Barbour	Fletcher	Lonergan	Stephens
Barkley	George	McAdoo	Trammell
Black	Hale	McKellar	Van Nuys
Borah	Hastings	Norris	Wagner
Bratton	Hayden	Patterson	Walsh
Brown	Johnson	Reed	White

## NOT VOTING—26

Austin	Davis	Hatfield	Thomas, Utah
Bulkey	Dill	Hebert	Townsend
Carey	Fess	Kendrick	Tydings
Connally	Glass	McNary	Walcott
Coolidge	Goldsborough	Metcalf	Wheeler
Costigan	Gore	Overton	
Dale	Harrison	Pittman	

So Mr. FRAZIER's amendment to Mr. WAGNER's amendment was rejected.

The VICE PRESIDENT. The question now is on the amendment of the Senator from New York [Mr. WAGNER], as amended.

## PROPOSED MEASURES OF INFLATION

Mr. REED. Mr. President, I have noticed in the newspapers that the administration has sent to the House a bill requesting the bestowal of power upon the President to annul and cancel any outstanding contracts that have been made by the United States Government. It seems to me that to request such power is in full conformity with the currency experiments embodied in the so-called "Thomas amendment" pending in the Senate. It is reported by the newspapers that the President asks power even to cancel the agreement of the United States to pay its public debt; he asks power to default, annul, cancel the bonds to which we solemnly pledged the faith and credit of the United States.

Mr. JOHNSON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from California?

Mr. REED. I yield.

Mr. JOHNSON. I have never heard of the measure that is suggested by the Senator. Will he do me the kindness to tell me what bill it is that seeks to give the President the right to cancel and annul all existing United States contracts?

Mr. REED. It was reported in the press of yesterday morning, and has not been denied, that the administration has sent such a measure to the House—informally, of course—asking for a number of powers, including the powers of which I speak. I will be glad to obtain copies of the press article and show it to the Senator.

Mr. JOHNSON. I will not ask the Senator to do that. I am unfamiliar with the matter, and that was the reason of my query.

Mr. REED. I shall send for the press article.

Mr. LEWIS. Mr. President, may I ask the Senator from Pennsylvania a question?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Illinois?

Mr. REED. I yield to the Senator.

Mr. LEWIS. With the permission of the Senator from Pennsylvania, I desire to say that since the Senator says it was on yesterday information was imparted to him from some source of this astounding and revolutionary suggestion, as he would correctly term it, I ask him if he has made any effort from that time to now to verify if such a fact exists, or if it is possible to have been an error of publication?

Mr. REED. I am not in the confidence of the administration, but I have seen no denial of it. If it be untrue and incorrect, I hope someone who does know the intentions of the administration will promptly contradict it.

Mr. ROBINSON of Arkansas. Mr. President—

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Arkansas?

Mr. REED. Certainly.

Mr. ROBINSON of Arkansas. Did the Senator state a bill had been sent to Congress?

Mr. REED. That is my understanding. I have sent for the paper and will place the article in the Record.

Mr. ROBINSON of Arkansas. This is the first I have heard of the subject matter of the Senator's discussion.

Mr. REED. The reports that I saw purported to be an announcement from the White House giving a list of the powers which the President was asking, and one of them, I remember distinctly, was the power to annul and cancel any existing contract of the United States Government. In case that was done the President was to specify the amount of damages to be paid to the person with whom we had the contract, and if that is unsatisfactory to the victim he is to have the right to bring suit for further damages.

Mr. BANKHEAD. Mr. President—

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Alabama?

Mr. REED. I yield.

Mr. BANKHEAD. Has the Senator made any effort to get a copy of such a bill?

Mr. REED. I have been making an examination of some sort to find out if anybody in the administration had denied it.

Mr. BANKHEAD. Does not the Senator recognize that if there is such a bill he could have obtained it merely by asking for it?

Mr. REED. I said this was a request that such a bill be passed. I did not state the bill had been actually introduced. Presumably that will be done today.

Mr. KING. Mr. President—

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Utah?

Mr. REED. I yield.

Mr. KING. The Senator may recall that during this session of Congress, as well as the last session, there was some criticism of certain contracts entered into by the Postmaster General with a number of individuals and corporations, and an amendment was offered in the Senate with respect to the bill then under consideration—and the amendment was germane—that certain contracts be terminated upon the ground that they were unfair and unjust to the Government. I am inclined to think that if the Senator saw a statement such as he indicated, it related solely to those contracts to which I have referred.

Mr. REED. It was not so limited in the press report which I saw, which applied to all existing contracts of the American Government. I hope very much that it is the intention of the administration to restrict it, but as the announcement read it would apply to bonds and every other form of existing contract.



Mr. WAGNER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from New York.

Mr. REED. I yield.

Mr. WAGNER. I did not quite understand the Senator. Where was the statement made? Was it an authentic statement?

Mr. REED. It purported to be a statement made from the White House, as I read the paper. To clear up any further doubt, I shall see if I cannot find it for the Senator and read it into the Record.

Mr. WAGNER. Unless it is an authentic statement, I think we ought to suspend our judgment on the question until there is something authoritative said.

Mr. REED. I agree with the Senator, and I hoped I could find someone in the confidence of the administration who would tell us that this was untrue.

Mr. FLETCHER. Mr. President—

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Florida?

Mr. REED. I yield.

Mr. FLETCHER. Does the Senator think it is fair or just or quite proper publicly to denounce an attitude assumed to be taken by the administration based upon a newspaper report?

Mr. REED. I have sent for the article and will have it for the Senator in a moment. I am putting it in the form of a question.

The article has just been handed to me this moment. In the New York Times I find this statement:

Mr. Roosevelt sent to the House today a revised estimate for the 1934 independent offices supply bill carrying a reduction of \$468,000,000, and at the same time submitted legislative plans formulated by Lewis W. Douglas, Director of the Budget, which would permit the President to cancel Government contracts, furlough at half pay many Army officers, retire civil-service employees who complete 30 years' active service, and give the President other discretionary powers.

Then follows the message of the President, and then the article continues:

The legislative recommendations were, briefly, to empower the President to cancel existing Government contracts.

Then follows the list of other discretionary powers he wants, and then the article continues:

A few confidential copies of the proposed legislation and Budget estimates were submitted by President Roosevelt to the House Appropriations Committee. These were carefully guarded, but news of the proposals spread rapidly about the city. Chairman BUCHANAN immediately called an executive session when the bill was received.

They were kept confidential from me, I can state to the Senate, as my only knowledge is the newspaper report, which appeared to be official.

Mr. ASHURST. Mr. President—

The PRESIDING OFFICER (Mr. AUSTIN in the chair). Does the Senator from Pennsylvania yield to the Senator from Arizona?

Mr. REED. I am glad to yield.

Mr. ASHURST. If it will give any comfort, and certainly his query is proper, because the item appears in one of the most reliable papers in the world, but I hope the Senator will not ask me to give the authority upon which I make this statement, but I am able to say that not even in the most remote flight of imagination was it intended by anyone connected with the administration that any such cancellation should apply to bonds issued upon the faith and credit of the United States, and paid for by the citizens thereof or by any other person.

Mr. REED. Mr. President, I thank the Senator, because his statement does reassure me very greatly. I take it, further, that, if by any chance the legislation should be couched in language so broad as to include outstanding Government bonds, the administration forces here in the Senate would support an amendment to exclude bonds from the list of contracts that might be canceled.

Mr. ASHURST. The Anglo-Saxon, the English—the American race may have faults. We may not possess some

of the shining virtues of culture and the particular accomplishments of other races, but the one virtue of our American race—I hope it is not the only one but the grand virtue of our race—is solemnly and promptly to discharge all our obligations.

Mr. KING. Mr. President, will the Senator from Pennsylvania yield?

Mr. REED. I should like to answer the Senator from Arizona if I may. I wish the Senator from Arizona had been here yesterday to hear the statement of the Senator from Nevada [Mr. PITTMAN], that he does not expect the United States Government to perform its promise to pay its outstanding bonds in gold. The reason he gave was a surprising one to hear on the floor of the United States Senate, and that was that the amount of the outstanding bonds being greater than the amount of gold that is in the world, the promise could not be performed.

Mr. ASHURST. I have been for the double standard (gold and silver) ever since I was sentient. I think the coinage of silver at 16 to 1 or 20 to 1 would bring prosperity in 40 days. I have said that four different times on the floor of the Senate. I repeat, a bond payable in gold will in my judgment be paid in gold. I think, however, that we should stop the issuance of tax-exempt securities.

Mr. REED. So do I.

Mr. ASHURST. I have introduced a joint resolution proposing that hereafter no tax-exempt securities shall be issued. Some of my ablest constituents, people of importance upon whom I may have to depend to be returned to the Senate, have suggested that I ought to try to have a law or amendment enacted providing that all tax-exempt securities heretofore issued should not hereafter have any tax-exempt privileges. In my judgment the United States should and will live up to that agreement and the constitutional amendment will be prospective instead of retroactive.

I beg the learned Senator from Pennsylvania to believe that neither this administration nor any other administration will ever be elected during his time or mine which will make any move looking toward the cancellation, revocation, or avoidance of the payment of obligations and bonds issued upon the faith and credit of the Government of the United States and upon and for which the people have paid their money.

Mr. REED. I thank the Senator. I honor the Senator for the sentiments he has expressed.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Utah?

Mr. REED. I yield.

Mr. KING. The Senator will recall that immediately after the war authority was given to executive departments to abrogate a number of contracts which had been entered into which called for large payments, the furnishing of supplies, and the building of ships, to be paid for by the Government, but it was understood, of course, that any damages sustained by persons with whom the Government had contracted, growing out of the termination of the contracts, should be paid by the Government. The result was that the Government did pay a large amount in the aggregate for damages sustained by reason of the termination of the contracts.

The matter which the Senator read, it seems to me, relates solely to certain contracts to which reference has been made and which were brought to the attention of the President by Mr. Douglas in connection with the Budget. It is clear that the contracts referred to in the newspaper article are the air mail and shipping contracts, which were discussed upon the floor of the Senate a few weeks ago. Contracts had been entered into which some of us believed were unfair to the Government and in the negotiation of which the Government had been overreached. It seems to me that if upon investigation it is found that some contracts were improvidently made or were tainted with fraud, or that there were conditions attending the making of the contracts which would justify their termination, the authority should be given to abrogate the same. But, of



course, there must accompany the power of cancellation the duty and obligation of making compensation to any injured party.

Mr. REED. I do not mean to be drawn into a discussion of those subsidy contracts.

Mr. KING. May I say to the Senator a committee has been appointed—I happen to be a member of the committee—to inquire into certain contracts with a view to making recommendations to the Congress as to what disposition shall be made of them. Suppose that committee shall find that some contracts were improperly entered into, that they were so improvident as to be unfair to the Government, or to warrant their abrogation, and shall so report, would it be improper for Congress to authorize the President or some agency of the Government to terminate the same? Of course, full opportunity should be given for the review by the courts of the entire matter.

Mr. ASHURST. Mr. President, will the Senator yield further to me?

Mr. REED. I am glad to yield.

Mr. ASHURST. The learned senior Senator from Utah [Mr. KING] is correct in his horoscope of the situation. I realize that the article has been construed by not a few persons in the way in which apparently it has been construed here. But I invite attention to the fact that along with the publication from which the learned Senator from Pennsylvania read, Government bonds of all issues rose perceptibly yesterday and today, indicating that the purchasers of bonds and those seeking investments generally have no fear that any attempt will be made here to repudiate any bond or other legal obligation of the Government issued upon the faith and credit of the United States.

Mr. REED. I had a notion that Government bonds went up because it was discovered that at least a part of the Senate is still in favor of keeping the promises of the United States.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. REED. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. The Senator has discoursed with great clearness upon the sanctity of contracts. I should like to ask the Senator if he also thinks the sanctity of contracts should apply to the promise of the Government to redeem its gold certificates, and to protect the citizen in his property.

Mr. ASHURST. Yes; Mr. President. There are no exceptions with respect to contracts lawfully entered into. All legal obligations must be complied with and executed, no matter how painful compliance therewith may be. There can be no exceptions. A man may not say, "I will recognize and pay this lawful obligation, but not the other."

Mr. SHIPSTEAD. The Senator, of course, realizes that we have violated that obligation.

Mr. BORAH arose.

Mr. REED. Does the Senator from Idaho wish me to yield to him?

Mr. BORAH. Mr. President, it does not seem to me that any distinction can be drawn between a bond and any other contract so far as the power of the President would be involved. In my judgment, it would be just as difficult under the Constitution to grant to the President the power to cancel any contract as it would be to grant to him the power to cancel a bond, because both would be judicial acts; would they not?

Mr. REED. Of course if there has been fraud in a contract the defrauded person has a right to rescind, but the test of his right must always be made in court. He gives the notice of rescission, but the justice of his action must always be determined judicially.

Mr. BORAH. Of course, the President would be authorized to give notice of the termination of the contract, and so forth; but to cancel a contract is a wholly different proposition.

Mr. REED. Oh, absolutely.

Mr. ASHURST. Mr. President, will the Senator yield to me once more? Then I will not bother him further.

There is a group of decisions handed down nearly 60 years ago by the Supreme Court of the United States, known, I think, as the "Legal Tender cases". I have reread them within the last few weeks. Not presuming to say what the Supreme Court might do, I have no doubt that they would take the same view on that subject that they took then; and, in my judgment, the Senator from Idaho is correct. Congress might pass its bills proposing to cancel legal contracts, but the Supreme Court of the United States would have a duty to perform before that could be done.

Mr. REED. Of course, any defrauded person has a right to rescind.

Mr. ASHURST. Fraud vitiates everything.

Mr. REED. Yes.

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. REED. I wonder if the Senate as a whole will not yield to me for a few minutes?

Mr. LONG. I desire to ask the Senator one question. What about the contracts the Government had for stipulated fares, which yielded under the power of regulation of the Government when circumstances required it? Why would not the same power to regulate the coinage and the value of money apply?

Mr. REED. Because the Supreme Court has held that the regulation of rates of utilities is an exercise of the police power, which may be exercised from time to time as the necessities require. The cancellation of an outstanding debt is not an exercise of the police power as we understand it in our law.

Now, Mr. President, yielding to myself for a moment, yesterday, shortly after this rather ambiguous publication was made of the desire for the power to cancel contracts, the Senator from Nevada [Mr. PITTMAN] made the flat statement here upon the floor of the Senate that he did not expect the outstanding Government bonds to be paid in gold in accordance with their terms; and he followed it with the argument, which I say I never expected to hear made on the floor of the American Senate, that they could not be paid in gold because there were more bonds outstanding than there was gold in the world—as if every holder of every Liberty bond could get to the same window at the same instant and demand gold for his obligations!

Obviously, when we had 26 billions of bonds outstanding during the war, the supply of gold in the world was less than it is today, and yet it never occurred to anybody that that was a reason for defaulting on our promise. Everybody assumed, as they have done down through the ages, that such a promise could be fulfilled by paying the first comers in gold, and then buying back the gold, if necessary, in order to pay the second comers. That is the obvious way in which such transactions are handled in commerce and in Government finance. To say here solemnly and seriously that the Government expects to repudiate its promise in those bonds—because that is the only construction that can be taken when such a statement is made by a Senator prominent in the confidence of the administration—is bound, when it is generally understood through the country, to have a terrible effect upon the Government credit.

And what effect can it have, Mr. President, upon the Government credit to find that the administration in power only 6 weeks already is repudiating its solemn promise in its platform of last autumn to stand for sound money at all hazards? They have put in the greenback proposal; they have put in the debasement of the gold content of the dollar; and last night, just before we adjourned, in came a free silver coinage amendment offered by the Senator from Montana [Mr. WHEELER], and I am told by the newspapermen that it is explained to them that that has the backing of the administration.

If the administration backs the 16-to-1 silver-coinage proposal, backs a \$3,000,000,000 issue of greenbacks unsupported by any reserves, and backs this scheme to diminish the gold content of the dollar, what has become of the promise that was held out to the citizens of this country in the campaign of last autumn that the Democratic Party would stand for



sound money at all hazards—and 6 weeks after taking office it sanctions such recommendations as that?

I have here, fortunately, the exact text of the message which was sent by the President to the Speaker of the House of Representatives day before yesterday. Accompanying it is sent a message from the Director of the Budget, and it is stated by the President that with the Budget Director's statements he concurs. Here is one of the statements with which President Roosevelt concurs:

Sec. —. Whenever it shall appear to the President that the interest of the United States will best be served thereby, he is hereby authorized, in his discretion, to modify or cancel any contract to which the United States is a party and which was executed prior to the date of the enactment of this act.

Find any qualification in there, if you please, that will protect the man who bought a gold certificate from this very administration 2 weeks ago. If that passes, Congress is giving the President power, at the President's request, to swindle the investor to whom we sold gold bonds in this very month of April 1933; and if that is not meant to cover such securities, what business have we to be considering or receiving half-baked legislation like that?

The particular professor who wrote that section ought to have stopped to think that the faith and credit of the United States are involved when such a power is asked to be put in the hands of the President of the United States.

Mr. President, I was ridiculed yesterday, and charged with speaking only for the rich men of the country, when I said that the consequences of this inflation would be disastrous to the great mass of the American people. The best possible confirmation of what I said comes this morning in a statement from Mr. William Green, president of the American Federation of Labor, in which he says that he knows that this inflation scheme will be an invisible method of lowering wages. He backs up just the statement that we made here in the Senate yesterday, and announces that he will demand a corresponding wage increase to make up for this reduction that is being put upon him through money inflation.

Mr. SHIPSTEAD. Mr. President—

The PRESIDING OFFICER (Mr. BRATTON in the chair). Does the Senator from Pennsylvania yield to the Senator from Minnesota?

Mr. REED. Just a moment. I will yield in a moment.

Mr. Green shows his plain recognition of the force of the point that the wage earners of this country are going to be the first immediate sufferers from this inflation scheme that the administration is backing. When he says that he will demand a wage increase I can readily understand that he will; but I can equally readily see that with the sidewalks full of men hunting work he is not going to get his wage increase, and therefore it will remain true that the wage earners of America are the first victims of this scheme of inflation.

Mr. President, it is probable that this thing is coming on for a vote next week—on what day nobody can say accurately; possibly Wednesday. Unless America wakes up, and lets its Congressmen and its Senators know its feeling about this plan, there is every likelihood that it will pass.

This morning my desk is littered with telegrams of congratulation from people all the way from Maine to California on some poor remarks that I made here yesterday. I am not the person to whom to telegraph. Those people ought to be telegraphing to the Senators and Congressmen who have not yet declared their position on this insane scheme. If America will wake up and will send in messages telling how it feels about this, and will cease sitting back and saying, "Oh, well, those Congressmen are going to pass it, anyway", we will have a chance of beating this bill.

#### EXPANSION OF THE CURRENCY

Mr. LONG. Mr. President, I have been unable to fathom the legal argument of the Senator from Pennsylvania [Mr. REED]. I hope he may do me the honor to listen to me for a few minutes, and to try to reconcile the argument he is making relative to the power of Congress to coin money and to regulate its value.

To begin with, this Government is not founded on an absurdity. We know that there is only \$4,400,000,000 worth

of gold coin in America. We know that we have issued in this country approximately \$27,000,000,000 of obligations of the Government, payable in gold. Manifestly, neither the Government nor the courts nor the Congress will compel an absurdity. It is impossible by law to make a ball 8 inches in diameter go through a keyhole.

Mr. REED. Mr. President, will the Senator yield?

Mr. LONG. Yes.

Mr. REED. The Senator could not have heard what I said about that argument. Obviously, the holders of those bonds will have to come to the window one at a time. What is to prevent the Government from buying back the gold from the first comers to pay the second comers?

Mr. LONG. It is all right, I wish to say to the Senator, if the people come one at a time to the banks and to the Treasury for their gold. That is all right so long as there is no panic or emergency or depression among the people; but when matters reach a state, as they have in this instance, where everybody has gone to the banks holding \$44,000,000,000 of deposits, payment of which they have a right to demand in gold, and when \$44,000,000,000 is demanded in gold, or half of that, or a fourth of that, manifestly we have reached a position which means one of two things—chaos and absurdity, or an orderly regulation of money.

The Senator from Pennsylvania did not object to the power being given to the President to decrease the compensation of the soldiers of the World War. I was against that.

Mr. REED. Mr. President, will the Senator yield?

Mr. LONG. Yes, sir; I yield.

Mr. REED. At the time that bill was sent to us to vote for we were assured repeatedly through press statements that the veteran disabled in service was not going to be harshly dealt with. Does the Senator suppose that that bill ever would have passed if we had known what it was in the President's mind to do to the veterans of the country?

Mr. LONG. I thought I knew what was in his mind.

Mr. REED. The Senator is lucky. He is in the President's confidence.

Mr. LONG. No; I did not get it from the President. I told on the floor of the Senate what the bill meant. The Senator from Pennsylvania, had he heard me then and believed me, would have been as wise then as he is now. The President did just what we empowered him to do. I was against that kind of power being granted to the President at the time for the purpose indicated. I was not in favor of the grant of some of the other powers.

But here is where the Senator from Pennsylvania leaves the ship. He does not remain consistent. The power of Congress to regulate commerce and regulate the value of money is found in the Constitution. I read first the provision relating to the power of Congress to regulate commerce. It is in these words:

To regulate commerce with foreign nations, and among the several States, and with the Indian tribes.

Now I read the power over money:

To coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.

Mr. REED. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. REED. Does the Senator find anything in that quaint old document from which he is reading that would justify Congress in giving that power to the President?

Mr. LONG. I am sorry the Senator asked me that, but if the economy bill is constitutional, this measure would be, too, and I am going to take the law as it has been interpreted for us.

Frankly, I want to partly agree with the Senator; I do not approve of the method of legislation we have pursued here, but it is the only kind of method by which we can get relief for the people, and the Senator from Pennsylvania and others have set the example that that is the process we are to follow, and I am going to get in line, because I am for inflation.



I want to get back to what I was reading the Senator. There is not a bit of difference in the world in the effect of the words giving Congress control over regulating commerce and regulating money. There is no difference. The words fix the power to regulate.

We people who have had rate controversies in the courts know what it means. This is what was done: The very interests which are today opposing the right to value the gold content of the dollar—the very interests which are today urging that we have to pay \$27,000,000,000 worth of Government bonds with \$4,400,000,000 worth of gold—those very interests were the first people, in 1920 and 1921, when that emergency period came about, to urge upon the court that, regardless of what contract had been made with the Government, not only the Government had the right to assail it and to cancel it but that the right was in the private interests themselves to cancel a contract made with the Government or with a State, whether the Government or the State wanted it canceled or not, if circumstances so required.

Now, let me give the Senate the cases on that.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. WAGNER. I think that principle has its limitations, because the courts have held, where an agreement is made between a municipality and a public utility that a certain rate of fare shall be charged, that that is an absolute contract and cannot be abrogated. That was held in the New York case, with which I happen to be acquainted. They distinguished between a contract and a mere grant of a franchise. I thought the Senator was going too far.

Mr. LONG. I will cover that case. I am very familiar with the law and the jurisprudence. Most of the suits in my section of the country were brought against me, and I do not think it is necessary to go any farther than Louisiana decisions to get all the law on that question. [Manifestations of laughter in the galleries.]

Mr. LEWIS rose.

The PRESIDING OFFICER. The rules of the Senate forbid demonstrations in the galleries. The occupants of the galleries will please take notice and govern themselves accordingly.

Mr. LONG. Mr. President, this is what the courts have held, that where a city has only the right to grant a franchise, then a contract granting the franchise is valid and binding as fixing a fare; but if the city has the additional power to regulate rates, then the franchise fare or rate is of no value if it is not reasonable considering the times and the conditions. That is the law. Plainly, under the Constitution the United States Government has the right to regulate the value of money, and any contract the United States Government makes is made subject to the greater right of necessity, so that whenever regulation is necessary a contract cannot stand in the way. That is as clear as a pike-staff.

Who was it who made this jurisprudence? Was it made by the United States Government when the emergency arose? No. Was it made by any man in the United States? No. It was made by the financial interests of this country which own the railroads, and own the gas companies, and own the street railroads. The first case, in 1920, the *San Antonio Street Railway Co. case*, was the birth of that new doctrine out of which philosophy they gained their right to live again.

What did that decision hold? There was an agreement by which the city of San Antonio granted to the San Antonio Railway Co. a franchise to use the streets of that city, conditioned upon them granting a 5-cent fare. In 1921 the San Antonio Street Railway Co. petitioned the council of the city of San Antonio for permission to increase the fare, and the council denied them that right. Thereupon the street-railway company went into the Federal court and urged that the dollar was no longer worth a dollar. I hope the Senator from Pennsylvania at least will read what I say, if he does not listen to it. They held in that case—and I defy any man to meet me on this—that

the dollar was no longer worth a dollar, but that the dollar was worth only 60 cents, and that therefore the fare of 5 cents for one ride was not a reasonable fare and they proposed to increase the fare to 7 or 8 cents.

Now, we come back to those people and say, the trouble now is not that the dollar is not worth a dollar. The trouble is that the dollar is worth \$1.63, and now we say that Congress has to exert the same power that has been established as valid in the jurisprudence of this country through the action of the Supreme Court of the United States. The reply is, "Oh, no; we are holding on to our constitutional right. The fact that the dollar went down in 1921 enabled us to break the contracts we had made with the Government, but the fact that the dollar has gone up in 1933 will not relieve the Government; the Government has to stand up to an absurdity, and absolutely force the lives out of its people trying to get \$44,000,000,000 in gold, when the entire gold of the United States amounts to only \$4,400,000,000."

Therefore, Mr. President, Congress must act constitutionally under this power. Why all this talk about the sacredness of contracts? It is because there are some who have a little gold left, who have bonds payable in gold; but the overwhelming majority of the people of the United States have neither gold nor obligations payable in gold. They are the persons, naturally, who must benefit from devaluing the gold dollar and from the inflation of the currency; but the man hoarding gold, or who is so fortunate as to have an obligation payable in gold, has not sense enough to see that the goose can lay but one egg a day. They think that these 25,000,000 starving American people will, somehow or other, come through the sweat mill and the grist mill and the wringer, and leave them a means by which they can collect their obligations in gold. Their factories are idle today because those people are without purchasing power. The common man cannot buy from the steel mill unless he has something with which to buy; he cannot buy from the shoe factory unless he has something with which to buy; he cannot buy from the grocery store unless he has something with which to buy. But the bloated owners of fortunes in this country, that ruling class which never has been known to abdicate, cannot see that the people of the United States, 50,000,000 of them, 60,000,000 of them, have no purchasing power. They cannot see that in this emergency \$44,000,000,000 of gold demands cannot be paid with \$4,400,000,000 of gold, which is the amount of gold in the United States. They cannot see that the enormous production of the United States cannot be consumed by 2 percent of the people who own more than 60 percent of the wealth, and they are depending upon the mills to open and commodities to be sold and the country to thrive, when 75 to 80 percent of the people have nothing on the living face of the earth with which they can buy anything so as to start the country back on the road to prosperity.

Mr. President, the thing which usually occurs in this country is what has occurred ever since time began. The Senator from Pennsylvania reminds me of the First Triumvirate of Rome. Times have not changed a bit. Human nature is just the same as it was 2,000 years ago. People do not change at all. It is the greatest fallacy on earth to think that people change.

Three men in Rome finally divided the world into three parts. Those three men were Caesar, Pompey, and Crassus. One of that triumvirate, Crassus, demanded that the natives of the province over which he ruled pay him in gold in order to get anything to eat. He demanded that his slaves pay him in gold in order to get anything to wear. Finally, when he had absorbed and amassed unto himself all the foodstuffs and all the wearing apparel of the empire and all the gold, he still would not let a single peasant have a thing to eat unless he could come up and pay him in gold, although he had all the gold himself. The common people finally broke in and melted the gold and poured it down his dad-gummed throat until he got enough of it. [Laughter in the galleries.]

Mr. LEWIS rose.



The PRESIDING OFFICER. The Senator from Louisiana will suspend. The Chair will repeat that a rule of the Senate forbids demonstrations in the galleries, and the next time that rule is trespassed upon the Chair will have the galleries cleared. The rules must be respected if visitors expect to occupy the galleries. The Senator will proceed.

Mr. LONG. Mr. President, I am not in the confidence of the President of the United States. I have not been consulted about his plans at any time or at any stage. I do not expect to be, and I am not offended by not being. I was one of the few who sought here a year and a half ago to do whatever was within our power to bring about an expansion of the power to purchase. I was one of the few who were described as iniquitous filibusters because we undertook to hold up the proceedings of the Congress—that is, we were charged with doing that, but we denied it. We were charged with holding up the proceedings of the Congress until we could compel the President of the United States and the administration to expand the currency and to put a purchasing power into the hands of the masses. We have kept up that fight as friends of the President of the United States, both of Mr. Hoover and of Mr. Roosevelt.

Mr. President, I was a friend of President Franklin D. Roosevelt when I stood on the floor of the Senate here less than 3 or 4 weeks ago and did what I did not want to do, and said that this deflation policy into which he was being led would be the ruin of the administration and of the country with it. Our great President, as quickly as he has had time to get the other tremendously important matters out of the way, has seen the light in this matter and he has come to the only sane and sound solution that a sensible, reasonable man can reach in an emergency of this kind.

If we go on with more banks closing; if we go on with the prices of commodities going down; if we go on with the farmer producing so much that we are living in the land of plenty, the foodstuffs piled so high that we cannot see the sun on account of it, and yet the man who produces it starves to death right in the shadow of that kind of a surplus; if we go on with the homes of the country being taken away from the poor people, and those poor people walking the streets today, with the houses still empty, because nobody can get money to rent them or to buy them; if we go on with so much cotton and so much wool in this country and people naked because they cannot get money with which to buy clothes—if we go on with that kind of a condition, the gold is not going to be worth anything to anyone who has it.

Why do we hold up our hands to the great god mammon? Why can we not take the great and valuable resources of this country and spread them among the people? Simply because the medium of exchange has reached such a point that it no longer accommodates the commerce of this country and of the world.

Mr. President, I assume that the Senator from Pennsylvania is satisfied as to the law on this question. I am sorry that he makes no further argument against it, if he has any, though I think there is no real argument against it.

Mr. President, in States all over the country the law fixed a fare of 2 cents on the railroads. There was such a law in Oklahoma, as I recall, and also in Georgia. In some cases a fare of 2 cents was prescribed by the constitutions of the States, and in other instances such a fare was fixed by contract. But lo and behold, 2-cent fares were wiped out. How were they wiped out? On the ground that Congress created the Interstate Commerce Commission and granted that Commission power to change the contracts made by the State governments with the railroads. Now, it is argued that we cannot empower another agency, the President of the United States, to do what we empowered the Interstate Commerce Commission to do. Why cannot the President of the United States be given the same power under the Constitution that was given to the Interstate Commerce Commission? If we had the right to give the Interstate Commerce Commission—and the Supreme Court of the United States said we had—the power to strike down all those contracts, to strike down agreements made with

States, if we had it within our right to empower the Interstate Commerce Commission to raise railroad fares from 2 cents per mile to 3 cents per mile and even to 3.6 cents per mile, then why have we not the right to empower the President of the United States to do at least as much as we gave the Interstate Commerce Commission the right to do?

The shoe is on the other foot; it is merely a case of whose ox is gored. The railroads and other interests came before the Supreme Court of the United States and said, "Oh, the gold dollar is worth only 60 cents, and the great, good Government will exercise its power of regulation to cancel those contracts"; and the great, good Government did exercise its power to cancel those contracts through the Interstate Commerce Commission. However, when we say that the gold dollar is worth \$1.80 and that if we had a right to raise its value in 1921 we have a right to devalue it and bring it down in 1933, they plead the sacred, fundamental right of contract. Why did they not plead that sacred and fundamental right of contract in 1921 when they were the beneficiaries of then existing conditions? They did not do it because they were bringing their dollar up from 60 cents to 100 cents. They come here now and plead the sacred right of contract because it is proposed to bring the dollar down from \$1.60 to \$1. Why did they not in 1921 plead that we did not have the right to give the Interstate Commerce Commission that authority, as they are coming here today in 1933 and pleading that we have not the right to give the President of the United States the authority? What is the difference whether we shall give the authority to the Interstate Commerce Commission or to the President of the United States? Congress authorizes whomsoever it wants to authorize, and its action has been held to be legal process.

Mr. President, I did not intend to address the Senate on this question. The Senator from Pennsylvania is evidently contenting himself with undertaking to stir up propaganda. The worst thing that could happen to the State of Pennsylvania, to the Senator from the State of Pennsylvania, and to the bondholders for whom he is pleading would be to win this fight. The worst thing that could happen to the bloated holders of money in this country today would be to win this fight against the people and President. One more such victory and there would not be anything left of them. The worst thing that could ever happen to them would be for them to be able to thwart the President of the United States in his announced policy of giving this country sufficient money to carry on its business, to put more purchasing power in the hands of the starving people, and to open up and liberalize conditions. The day big financial interests succeed in forestalling this necessary step of the Government will be the saddest day that they have ever seen; it will be a victory the consequence of which they will live to regret.

#### RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

Mr. PATTERSON. Mr. President, I send to the desk an amendment I intend to propose to the amendment intended to be proposed by the senior Senator from Oklahoma [Mr. THOMAS], which I ask to lie on the table and to be printed.

The PRESIDING OFFICER. Without objection, the proposed amendment will be received, printed, and will lie on the table.

Mr. GORE. I desire to offer at this time an amendment, which I had printed a few days since. I offer it as an additional section to the so-called "Wagner amendment".

The PRESIDING OFFICER. The Senator from Oklahoma offers an amendment to the amendment of the Senator from New York, which will be stated.

The CHIEF CLERK. At the proper place in the so-called "Wagner amendment" it is proposed to insert the following:

At the proper place insert the following:  
"SECTION 1. (a) The President is authorized to establish a National Board of Conciliation with respect to farm-mortgage indebtedness, which board shall consist of the Secretary of the Treasury, the Secretary of Agriculture, a member of the Federal



Reserve Board to be designated by the President for that purpose, and such other officer or agent of the Government as may be especially charged with the administration of any law or laws relating to rural credit or farm-mortgage indebtedness.

"(b) The President is authorized to appoint in each State a board of State conciliation consisting of not more than five members, who shall serve without pay.

"(c) It shall be the duty of said State board of conciliation to appoint or designate a suitable number of local boards of conciliation in their respective States.

"(d) It shall be the duty of such State and local boards of conciliation to bring about between farm mortgagors and mortgages an adjustment of farm-mortgage indebtedness wherever it may be found practical to do so either by a reduction in the principal of such mortgage indebtedness or in the rate of interest thereon and/or by the conversion of short-time loans into long-time loans with a provision of amortization payments and/or through an agreement between the mortgagor and the mortgagee under which payments could be made in staple farm products or the proceeds thereof at an agreed price or value more nearly related to the price or proceeds of a like quantity of such farm products at the date of the execution of such mortgage.

"(e) The National Board of Conciliation, with the approval of the President, is authorized to prescribe suitable rules and regulations to effectuate the purposes and objects of this section."

Mr. WAGNER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from New York?

Mr. GORE. I yield.

Mr. WAGNER. Mr. President, my own view was that we had constituted the Farm Loan Commissioner a negotiator and a conciliator, but the amendment may provide a more effective plan, and I am quite willing that the amendment shall at least be considered by the conferees on this bill.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. The Senator from Oklahoma has the floor. Does he yield to the Senator from Idaho?

Mr. GORE. I yield for a question.

Mr. BORAH. I was going to make a suggestion, but I will endeavor to put it in the form of a question. It seems to me that the amendment in principle is most excellent, but is it broad enough to include negotiations between those who hold the bonds of the farm-loan banks and the mortgagees?

Mr. GORE. I do not think it goes so far as that, but I am very much pleased to hear the Senator from New York [Mr. WAGNER] express a willingness that this amendment may be submitted to the conferees of the two Houses.

It is entirely permissive, it is in no sense mandatory, and it does not involve the expenditure of a single dollar. It simply places the sanction and the prestige of the United States back of a movement looking to the conciliation of debtors and creditors where farm mortgages are involved. I understand that the State of Illinois already has adopted and is pursuing a policy of this sort, and the Aetna Life Insurance Co., of Hartford, Conn., has adopted and is now pursuing a policy of this kind in several of the Western States. I had a conference with the vice president of that company a few days since, and he assured me that they are meeting at least with a measure of success.

Recently we passed a bankruptcy act. It was founded upon the Constitution; it was well within the powers of Congress. There are a great many people, however, who do not like to take advantage of a bankruptcy act. I think that is peculiarly true of the farmers. This amendment simply introduces a new principle, or a supplemental principle, under which farm mortgages may be adjusted if the parties in interest consent to such an arrangement.

Mr. SMITH. Mr. President, I should like to ask the Senator from Oklahoma a question. Under the terms of his amendment as I heard it read, proposing to set up boards of conciliation, reaching down to the communities, in the case of a mortgage in a Federal land bank as to which it was evident that there was reason why there should be a scaling down or a conciliation or a reconciliation between the creditor and debtor, would there be any restriction?

Mr. GORE. I feel, Mr. President, that the complication in respect to that point has resulted from the fact that the banks have issued bonds predicated really on the face value

of the mortgages, and to interfere with them I feel might rather erode—if I may use the word—the foundation upon which the bonds are predicated. If the plan could be worked out, it would be entirely acceptable to me, but I was rather fearful that it might undermine the financial set-up of the bank itself and involve the rights of creditors who were not participants in the conciliation.

Mr. SMITH. The Senator is perfectly aware of the fact that mortgages by the hundreds are being foreclosed by the Federal land banks and the land itself is not bringing the amount of mortgage. Many of the banks, including one that I personally know of, have under the law been forced to foreclose. When they foreclose, they cannot rent the land; they are paying taxes on it, and are at a dead expense. If that condition does not affect the bonds, why should there not be a conciliation between the bondholders and the bank officials looking to a cutting down of the debt to a point where the owner of the land might be able to keep up his interest and his amortization and his taxes? In that event, it seems to me, the basis upon which the bond is predicated would be stronger and sounder than it now is, because somebody has got to lose the money.

Mr. GORE. I appreciate the force of what the Senator says. The amendment offered by me is predicated on the fact that the value of these debts has largely vanished; that the value of the property back of these farm mortgages has largely vanished; the value is not there; it has shriveled and gone. My purpose was to bring the insurance companies and other mortgage concerns to recognize that fact and to base their action upon that fact. I think the sooner we recognize these facts, act upon them, and adapt ourselves to them, the sooner we will extricate ourselves from this difficulty. I have no objection to the proposal of the Senator from South Carolina, if it can be legally wrought into this proposal. Where foreclosures take place, of course, the proceedings are instituted in the courts in pursuance of law; judgments are based upon the laws of the several States and, while such proceedings are unfortunate, they are at least legal and sometimes unavoidable, so far as we are concerned.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Idaho?

Mr. GORE. I yield.

Mr. BORAH. I repeat that I think this is a most excellent amendment, but I do not see why it would be difficult at all to include the farm land bank mortgages, for the reason that it is only necessary at most to secure the consent of the bondholders to the scaling down. If the bondholders should consent, the same condition would prevail with reference to the conciliation as would prevail between the insurance companies and the parties owing the mortgages.

Mr. GORE. The Senator from Idaho is a better lawyer than I am; and if he will prepare and offer the amendment, I should be glad to accept it, because it is well within the purview of my intention. I have no objection to it.

I agree with those who regard debts as the crux of our existing trouble. Debts constitute the center of gravity in this vicious situation. I have seen our aggregate national indebtedness estimated at as high a figure as \$180,000,000,000. Some 4 or 5 years ago it was estimated at \$203,000,000,000. Our aggregate indebtedness has shrunk by foreclosure and by payment down to an estimated \$180,000,000,000. It is a paradox that our people get into debt in good times and get out of debt in bad times. The most recent estimate I have seen of our general indebtedness is \$180,000,000,000, and about the same time I saw an estimate of our national wealth at the same figure, \$180,000,000,000, our national wealth having shrunk during the depression 50 percent, from \$360,000,000,000 down to \$180,000,000,000.

But that is not the worst. As I see it, the worst feature of the entire situation is the fact that debtors have to pay their debts once, twice, thrice, and even four times over. On the converse, the people who own the claims against the debtors have seen, without their connivance perhaps, the



value of their mortgages double, treble, and quadruple, not as the result of any act of their own or as a result of any contribution to the Nation's wealth. But this is the grim situation which confronts us. I think we have to trade ourselves out of this trouble; and if we can provide a life preserver that will assist in riding out the storm, I think we ought to do it.

Mr. BORAH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Idaho?

Mr. GORE. I yield.

Mr. BORAH. May I suggest to the Senator from Oklahoma that on page 2 of his amendment, line 9, he insert the words "and all parties interested", so that it would read:

It shall be the duty of such State and local boards of conciliation to bring about between farm mortgagors and mortgagees and all parties interested an adjustment of farm-mortgage indebtedness—

And so forth. That would be broad enough to enable the conferees to work out more detailed language, so as to include the bondholders.

Mr. GORE. I am pleased to accept the modification.

Mr. WAGNER. Mr. President, I have not any doubt that that power exists now in the Farm Loan Commissioner under the terms of my substitute.

Mr. GORE. I agree with the judgment of the Senator from New York. He interprets the pending amendment offered by himself to involve the power. Perhaps it does. He thinks the power exists. I merely wish to make sure that it does. The Senator will appreciate the fact that the prestige which would attach to the boards of conciliation might give them authority and enable them to go even further than the provisions contained in the bill.

Mr. WAGNER. I agree with the Senator. I think it has the advantage of declaring the congressional policy. I certainly have no objection.

Mr. SMITH. Mr. President, will the Senator from Oklahoma allow me to ask the Senator from Idaho a question?

Mr. GORE. Certainly.

Mr. SMITH. Will the Senator from Idaho read his amendment again and tell me where it is to be inserted, because I am very anxious to have the Federal land banks included.

Mr. BORAH. I have prepared it since the matter was brought up on the floor, but my idea is to insert language which would make it possible, if necessary, to work it out in more detail in conference. On page 2, line 7, after the word "mortgagees", I would insert the words "and all parties interested", so that it would read:

It shall be the duty of such State and local boards of conciliation to bring about between farm mortgagors and mortgagees and all parties interested in the adjustment of farm-mortgage indebtedness—

And so forth.

Mr. SMITH. The object being to bring in the bondholder, too?

Mr. BORAH. Exactly. Does the Senator think that will accomplish the purpose?

Mr. SMITH. I believe so.

Mr. GORE. Mr. President, I have seen an estimate that only 15 percent of farm mortgages are really in distress. That may be too low. My wish is to bring an additional lifeboat to the rescue of those debtors who are in heavy weather. As I said, this supplements the Bankruptcy Act recently passed. I think, as far as it can be done with the voluntary consent of the debtor and the creditor, the scaling down of debts in this way may prove a more successful way of deflating debts than the inflation of currency and credit. It is rather difficult to calculate where we may come out when we embark upon such a policy of inflation.

Mr. President, I wish to make just one further statement. While I agree with those who insist that debts are the crux of the present trouble, I am not in entire agreement with those who insist that debts cannot be paid because there is insufficient money in existence. I do not think that is

the trouble. The trouble is the debtor cannot get hold of the money. What I want is to see wider and better markets for our farmers and for our farm produce. I think that what our farmers need is more markets and better markets, and not bigger debts and heavier debts. There is ample money in circulation if the farmers could get their hands on it. They would pay their debts if they had the money.

It may be of some importance to appreciate that point. In 1929, the year of the boom and the disaster, the total amount of payments in the United States aggregated \$1,200,000,000. At that time we had less than \$5,000,000,000 of money in circulation, and yet that small volume of money with a high degree of velocity liquidated \$1,200,000,000 of debt, or in other words, twelve hundred billion dollars of payments were made with less than \$5,000,000,000 of money in circulation.

Last year the payments dropped, I believe, as low as \$500,000,000. Last year we had more than \$5,000,000,000 of money in circulation. Last year with more money in circulation than we had in 1929 we made less than half the payments that were made in 1929. Last year with more than \$5,000,000,000 in circulation we made only \$500,000,000 of payments. Each dollar liquidated about \$100 of indebtedness if I compute it correctly.

Mr. SMITH. Mr. President, would not the Senator better use a different expression in order that the country at large may understand it? We had so much in existence, but not in circulation. We had so much money in existence, but it evidently was not in circulation.

Mr. GORE. My point is this, as the Senator will appreciate: I take the official statement of the Treasury Department for each year, 1932 and 1929. Whatever limitation belongs to the definition—and it is largely a matter of definition—attaches to the one year as to the other and they cancel each other. But at that point I was observing that last year \$1 liquidated about \$100 of indebtedness. I had not intended to embark upon this monetary discussion, but before I sit down I will tell the story of the clown and the circus, which is familiar to Senators no doubt, but I will repeat it for the RECORD.

The clown in the circus had 19 other men forming a circle with him in the circus ring. The clown turned to his neighbor on his left and remarked that he owed him \$2 and that he would make payment as soon as he could. The man to the clown's left made the same remark to his neighbor. That assurance went around the ring until the man on the right of the clown gave him a reassuring promise that he owed him \$2 and would make payment as soon as he could. At that point the clown happened to find a silver dollar in his pocket of which he was unaware. He turned to his neighbor on his left and said, "By the way, I will pay you half that I owe you now", and handed him the silver dollar. The same message went around the ring until the man on the clown's right made the statement to him and delivered the dollar. The clown thanked him, dropped the money in his pocket, and a moment later putting his hand in his pocket rediscovered the silver dollar. Turning to the man on his left he said, "By the way, I will pay you off in full. I have a dollar I did not know I had." The man on his left was as generous or as honest to his neighbor. The silver dollar once again made the circuit until the man on the clown's right delivered to him the silver dollar and paid him off in full; \$1 had paid \$40.

A very small volume of money with proper velocity can liquidate a great deal of indebtedness. What I want to do is to revive trade and revive business and enable farmers and others to get hold of the dollar with which to pay their debts. I profoundly believe that this may in the long run prove to be a more effective policy than mere inflation in order to scale down indebtedness. I respect the opinion of other Senators upon that point. The proposed amendment seems to be meeting with favor and I commend it to the consideration of Senators and trust it will be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma



[Mr. GORE] to the amendment of the Senator from New York.

The amendment to the amendment was agreed to.

Mr. SHIPSTEAD. Mr. President, I send to the desk an amendment to which I ask the attention of the Senator from New York [Mr. WAGNER].

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 13, line 18, it is proposed to insert:

(c) Before any joint-stock land bank shall receive a loan as provided for in this section such bank shall enter into an agreement with the Farm Loan Commissioner (1) that such bank will pay, in purchasing its own outstanding farm-loan bonds paid for out of the proceeds of the loan, an amount not to exceed 100 percent of the amount which such holders may have paid for their bonds prior to April 17, 1933, plus interest on such amount at the rate of 5 percent per annum from the date of the purchase of such bonds by such holders, less the amount of any interest received by them on such bonds, but in no event to exceed the face value of such bonds, together with the accrued and unpaid interest thereon; and (2) that whenever any such bonds are so purchased by such bank at a price less than the amount of the face value of such bonds, together with accrued and unpaid interest thereon, the difference between such face value and interest and the amount paid for such bonds by the bank shall be credited pro rata to the borrowers from such bank in reduction on their loans outstanding at the time of such purchase: *Provided*, That such credit shall not be made until the profits on the bonds so purchased by the bank are sufficient to replace the amount by which its capital has been impaired.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota to the amendment of the Senator from New York.

The amendment to the amendment was agreed to.

Mr. SHIPSTEAD. Mr. President, I send to the desk another amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 4, line 9, before the period, it is proposed to insert a colon and the following:

*Provided further*, That in any case in which farm-loan bonds are exchanged for duly recorded first mortgages as herein provided in an amount equal to the amount of the unpaid principal of the mortgage on the date of such exchange, such bonds shall bear interest at a rate of 2 percent per annum.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota to the amendment of the Senator from New York.

Mr. WAGNER. Mr. President, I hope that amendment will not be adopted. It seems to me it would seriously affect the administration of the farm-land banks.

We have no assurance that we can sell these bonds for a 2-percent rate of interest; and I think that the way the measure now reads is a more flexible and more workable provision. I think this would be a very serious interference with the proper administration of the farm-land banks, and I hope the amendment will not be adopted.

Mr. SHIPSTEAD. Mr. President, I think the Senator from New York is laboring under a misapprehension as to the meaning of the amendment.

It is not intended that under this amendment, if it becomes a law, the 2-percent bonds shall be sold. The bill already provides that an exchange of bonds can be made for mortgages, either at a reappraised value or at face value. There is no limitation.

Mr. WAGNER. That simply would mean, if I may venture an opinion, that we will not get any scaling down of mortgages, because a bond with only 2-percent interest is not as valuable to a mortgagee as a similar type of bond would be with a 3- or a 3½-percent rate of interest. In other words, the lower the yield of the bond, the less scaling down of the mortgage will be accomplished. So I think this would just frustrate any efforts by the Farm Loan Commissioner to scale down the outstanding mortgages.

Mr. SHIPSTEAD. Under this amendment there would be no scaling down of the principal. The write-off on the debt would be in the income. Some people would rather save their capital at the expense of income. Others would rather

cut the capital and have a high rate of interest. Under this amendment it is not intended that there shall be a write-off of the principal if the man is given a 2-percent bond. The write-off is in the sacrifice of income.

There are two ways of writing down a debt of long-term standing: It can be done by writing down the principal and charging 6 percent interest on the remaining part of the principal, or the interest rate can be cut down to 2 percent and the principal saved, but making it possible to charge only 2¼- or 2½-percent interest on the mortgage.

Mr. WAGNER. In that event there would be no exchange of the bonds for mortgages at all, and I think the bill would become absolutely ineffective as an aid to the farmer.

While I know that the Senator has a very worthy purpose, I think the amendment should be rejected. I am not giving my own views about it. I have consulted with those who have knowledge superior to my own upon this subject; and while the intention is excellent, as all of the Senator's intentions are—

Mr. SHIPSTEAD. I thank the Senator.

Mr. WAGNER. They all feel that it will seriously interfere with the workability of the measure and will result in frustrating the efforts to scale down mortgages.

Mr. SHIPSTEAD. Does the Senator mean to say that he thinks that this loan agency would be justified in paying a farm mortgagee the face value of his mortgage with a 4-percent land-bank bond, guaranteed as to interest by the Federal Government and exempt from all taxes, under present conditions?

Mr. WAGNER. I do not know. I should have to know about the character of the mortgage before I could answer that question. I should have to know what part of the value of the property it represents. All these facts must be known. It is necessary to deal with these cases individually. They cannot be dealt with in bulk, and thus it is difficult to answer a question of that kind. There are some cases where undoubtedly a bond should not be exchanged unless there is a considerable scaling down of the principal.

Mr. SHIPSTEAD. I agree, unless the interest is reduced by one half.

Mr. WAGNER. There are other cases, perhaps, where we would be perfectly justified in giving a bond representing the face value of the mortgage. That is why we have to make this law more or less flexible. If we make it rigid, its application will be so restricted as not to bring about the benefits which we desire to bring about.

Mr. SHIPSTEAD. Mr. President, a great deal has been said about scaling down the mortgage to the present value. I wish someone would give us a yardstick by which to measure the present value. Is there anyone here who can say what a bond is worth today?

Mr. WAGNER. No; the Senator from Minnesota misunderstood me. I did not say the present value of the property, but the present value—

Mr. SHIPSTEAD. Of the mortgage?

Mr. WAGNER. Of the mortgage; yes.

Mr. SHIPSTEAD. The present value of the mortgage is determined by the present value of the property.

Mr. WAGNER. The face value of the mortgage. In a specific case, assume that an outstanding mortgage is for \$10,000. It is exchanged for bonds of the farm-land bank. The farm-land bank certainly would not exchange bonds unless there were a considerable scaling down of that mortgage, unless it represents a very small percentage of the value of the property.

Mr. SHIPSTEAD. The revaluation of the mortgage would have to depend on some basis of value for the property. What basis of value can one take in these days? What is the value of property?

Mr. WAGNER. The Farm Loan Commissioner has the right to make rules and regulations providing for the appraisal of property. He is well enough informed, he has had enough experience, to know what factors ought to enter into a determination of the value of farm properties in these days, when there is not any market for the sale of such properties. In other words, he determines the fair worth of the property.



Mr. SHIPSTEAD. Upon what basis—the market value?

Mr. WAGNER. No; not market value, of course.

Mr. SHIPSTEAD. Or the income of the property?

Mr. WAGNER. Fair worth. That can be ascertained.

Mr. SHIPSTEAD. It must be based on something.

Mr. WAGNER. Yes.

Mr. SHIPSTEAD. What can we figure as the fair worth of anything under the conditions that we are trying to remedy?

Mr. WAGNER. That is going to be the business of the Farm Loan Commissioner. I have not the knowledge necessary to prescribe rules and regulations for him; but undoubtedly, with his experience, he will be able to appraise these properties at their fair worth, which can be ascertained.

Mr. SHIPSTEAD. The Senator's modesty does him great justice. It shows that he is an honest man. I do not know where I can find an honest man who is willing to admit that he can appraise the value of a farm in these days, even to his own satisfaction, because there is no basis for value. If the Farm Loan Commissioner should fix a particular value today, or should establish a particular yardstick for the measurement of value today, next week that value or yardstick would be gone, because the price constantly goes down.

Mr. WAGNER. Will the Senator yield further?

Mr. SHIPSTEAD. Yes.

Mr. WAGNER. If that is so, there is no way of ascertaining the value of the farm land. Then the Farm Loan Commissioner cannot make any new loans, because he is restricted to loaning 50 percent of the value of the land and 20 percent of the value of the improvements. So that he must, under the law, ascertain the value as a basis for making a new loan.

Mr. SHIPSTEAD. Mr. President, I shall take only another minute to say that I think a more uniform write-off, a more uniform revaluation of these farm properties, could have been fixed if we had provided for taking these mortgages at face value and exchanging them for a 2-percent bond, guaranteed by the Government as to interest. In that way we would have some basis of valuation, and we would cut the farmer's carrying charges in two; and therefore he would, in fact, have a 50-percent reduction in his debt.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Minnesota [Mr. SHIPSTEAD] to the amendment of the Senator from New York.

Mr. GEORGE. May the amendment be stated?

The PRESIDING OFFICER. The amendment to the amendment will be stated for the information of the Senate.

The Chief Clerk restated the amendment to the amendment.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Minnesota to the amendment of the Senator from New York.

The amendment to the amendment was rejected.

Mr. TRAMMELL. Mr. President, I desire to offer an amendment which I think will take only a very few moments.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 26, at the end of line 5, it is proposed to add a new section, as follows:

Sec. —. That in making loans to owners of groves and orchards, including citrus-fruit groves and other fruit groves and orchards, the Federal land banks, the farm-land banks, and all Government agencies making loans upon such character of property shall, in appraising the property offered as security, give a reasonable and fair valuation to the fruit trees located and growing upon said property and constituting a substantial part of its value.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida [Mr. TRAMMELL] to the amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is on the amendment of the Senator from New York [Mr. WAGNER], as amended.

The amendment as amended was agreed to.

The amendment of the committee as amended was agreed to.

Mr. THOMAS of Oklahoma. Mr. President, if it is in order, I submit the amendment which I send to the desk and which I ask to have printed.

The PRESIDING OFFICER. Without objection, the amendment submitted by the Senator from Oklahoma will be printed. The amendment will be read.

The CHIEF CLERK. On page 43, after line 5, the Senator from Oklahoma proposes to insert the following:

On page 43, after line 5, insert:

"PART 6: FINANCING—AND EXERCISING POWER CONFERRED BY SECTION 8 OF ARTICLE I OF THE CONSTITUTION: TO COIN MONEY AND TO REGULATE THE VALUE THEREOF

"SEC. 34. Whenever the President finds, upon investigation, that (1) the foreign commerce of the United States is adversely affected by reason of the depreciation in the value of the currency of any other government or governments in relation to the present standard value of gold, or (2) action under this section is necessary in order to regulate and maintain the parity of currency issues of the United States, or (3) an economic emergency requires an expansion of credit, or (4) an expansion of credit is necessary to secure by international agreement a stabilization at proper levels of the currencies of various governments, the President is authorized, in his discretion—

"(a) To direct the Secretary of the Treasury to enter into agreements with the several Federal Reserve banks and with the Federal Reserve Board whereby the Federal Reserve Board will, and it is hereby authorized to, notwithstanding any provisions of law or rules and regulations to the contrary, permit such Reserve banks to agree that they will, (1) conduct, pursuant to existing law, throughout specified periods, open-market operations in obligations of the United States Government or corporations in which the United States is the majority stockholder, and (2) purchase directly and hold in portfolio for an agreed period or periods of time Treasury bills or other obligations of the United States Government in an aggregate sum of \$3,000,000,000 in addition to those they may then hold, unless prior to the termination of such period or periods the Secretary shall consent to their sale. No suspension of reserve requirements of the Federal Reserve banks, under the terms of section 11 (c) of the Federal Reserve Act, necessitated by reason of operations under this section, shall require the imposition of the graduated tax upon any deficiency in reserves as provided in said section 11 (c). Nor shall it require any automatic increase in the rates of interest or discount charged by any Federal Reserve bank, as otherwise specified in that section. The Federal Reserve Board, with the approval of the Secretary of the Treasury, may require the Federal Reserve banks to take such action as may be necessary, in the judgment of the board and of the Secretary of the Treasury, to prevent undue credit expansion.

"(b) If the Secretary, when directed by the President, is unable to secure the assent of the several Federal Reserve banks and the Federal Reserve Board to the agreements authorized in this section, or if operations under the above provisions prove to be inadequate to meet the purposes of this section, or if for any other reason additional measures are required in the judgment of the President to meet such purposes, then the President is authorized—

"(1) To direct the Secretary of the Treasury to cause to be issued in such amount or amounts as he may from time to time order, United States notes, as provided in the act entitled "An act to authorize the issue of United States notes and for the redemption of funding thereof and for funding the floating debt of the United States", approved February 25, 1862, and acts supplementary thereto and amendatory thereof, in the same size and of similar color to the Federal Reserve notes heretofore issued and in denominations of \$1, \$5, \$10, \$20, \$50, \$100, \$500, \$1,000, and \$10,000; but notes issued under this subsection shall be issued only for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States and for purchasing United States bonds and other interest-bearing obligations of the United States: *Provided*, That when any such notes are used for such purpose the bond or other obligation so acquired or taken up shall be retired and canceled. Such notes shall be issued at such times and in such amounts as the President may approve but the aggregate amount of such notes outstanding at any time shall not exceed \$3,000,000,000. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, an amount sufficient to enable the Secretary of the Treasury to retire and cancel 4 percent annually of such outstanding notes, and the Secretary of the Treasury is hereby directed to retire and cancel annually 4 percent of such outstanding notes. Such notes and all other coins and currencies heretofore or hereafter coined or issued by or under the authority of the United States shall be legal tender for all debts, public and private.

"(2) By proclamation to fix the weight of the gold dollar in grains nine-tenths fine at an amount that he finds is necessary from his investigation to protect the foreign commerce of the United States against the adverse effect of depreciated foreign currencies, or in case the Government of the United States enters into an agreement with any government or governments under the terms of which the ratio between the value of gold and other currency issued by the United States and by any such government or governments is established, the President may fix the weight of the gold dollar in accordance with the ratio so agreed upon, and such gold dollar, the weight of which is so fixed, shall be the standard unit of value, and all forms of money



issued or coined by the United States shall be maintained at a parity with this standard and it shall be the duty of the Secretary of the Treasury to maintain such parity, but in no event shall the weight of the gold dollar be fixed so as to reduce its present weight by more than 50 percent.

"SEC. 35. The Secretary of the Treasury, with the approval of the President, is hereby authorized to make and promulgate rules and regulations covering any action taken or to be taken by the President under subsection (a) or (b) of section 34.

"SEC. 36. (a) The President of the United States is authorized to accept silver, in amounts not to exceed in the aggregate in value, in the United States currency \$100,000,000, in payment of the whole or any part of any amount of principal or interest due from any foreign government or governments on account of any indebtedness to our Government, such silver to be accepted at not to exceed the price of 50 cents an ounce. The authority of the President to accept silver as herein authorized shall be limited to a period of not to exceed 1 year from the passage of this act.

"(b) The silver bullion accepted and received under the provisions of this section shall be subject to the requirements of existing law and the regulations of the mint service governing the methods of determining the amount of pure silver contained, and the amount of the charges or deductions, if any, to be made; but such silver bullion shall not be counted as part of the silver bullion authorized or required to be purchased and coined under the provisions of existing law.

"(c) The silver accepted and received under the provisions of this section shall be deposited in the Treasury of the United States, to be held, used, and disposed of as in this section provided.

"(d) The President shall cause silver certificates to be issued in denominations of \$1, to the total number of dollars for which such silver was accepted in payment of debts. Such silver certificates shall be used by the Treasurer of the United States in payment of any obligations of the United States.

"(e) The silver so accepted and received under this section shall be coined into standard silver dollars and subsidiary coins sufficient, in the opinion of the Secretary of the Treasury, to meet any demands for redemption of such silver certificates issued under the provisions of this section, and such coins shall be retained in the Treasury for the payment of such certificates on demand. The silver so accepted and received under this section, except so much thereof as is coined under the provisions of this section, shall be held in the Treasury for the sole purpose of aiding in maintaining the parity of such certificates as provided in existing law. Any such certificates or reissued certificates, when presented at the Treasury, shall be redeemed in standard silver dollars, or in subsidiary silver coin, at the option of the holder of the certificates: *Provided*, That, in the redemption of such silver certificates issued under this section, not to exceed one third of the coin required for such redemption may, in the judgment of the Secretary of the Treasury, be made in subsidiary coins, the balance to be made in standard silver dollars.

"(f) When any silver certificates issued under the provisions of this section are redeemed or received into the Treasury from any source whatsoever, and belong to the United States, they shall not be retired, canceled, or destroyed, but shall be reissued and paid out again and kept in circulation; but nothing herein shall prevent the cancellation and destruction of mutilated certificates and the issue of other certificates of like denomination in their stead, as provided by law.

"(g) The Secretary of the Treasury is authorized to make rules and regulations for carrying out the provisions of this section.

"SEC. 37. Section 19 of the Federal Reserve Act, as amended, is amended by inserting immediately after paragraph (c) thereof the following new paragraph:

"Notwithstanding the foregoing provisions of this section, the Federal Reserve Board, upon the affirmative vote of not less than five of its members and with the approval of the President, may declare that an emergency exists by reason of credit expansion, and may by regulation during such emergency increase or decrease from time to time, in its discretion, the reserve balances required to be maintained against either demand or time deposits."

#### RECESS

Mr. SMITH. I move that the Senate take a recess until 12 o'clock Monday.

The motion was agreed to; and the Senate (at 2 o'clock and 48 minutes p.m.) took a recess until Monday, April 24, 1933, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES

SATURDAY, APRIL 22, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Thou who dwellest in the hearts of men—the memories of childhood and the adorations of manhood—unite in praise to Thee, whom we rejoice to call "our Father." We have been sheltered, protected, and loved by Thee, and we pray

that Thou mayest soften, chasten, and subdue us to gentleness and gratitude. Fill all hearts with happiness and peace, and may we walk in their power; allow us not to be burdened with fret, care, and brooding desire. Draw our lives, O Lord, nearer and nearer to Thee that we may know of the things that are higher, sweeter, and more precious. These are communion, fellowship, and intimate relationship with Thee, as a happy child is sure of his father at his side. "I will go with Thee all the way." We thank Thee for this heavenly promise made to us. Let divine guidance have fresh meaning and might in the duties of this day. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Vice President had appointed Mr. KING, Mr. WALSH, Mr. DUFFY, Mr. JOHNSON, and Mr. KEAN members of the joint select committee on the part of the Senate as provided for in House Concurrent Resolution 15, to investigate the wreck of the U.S.S. *Akron* and other Army and Navy dirigibles.

#### THE WAY TO PROSPERITY—EXTENSION OF REMARKS

Mr. HOWARD. Mr. Speaker, I ask unanimous consent that I may be privileged to extend my remarks and incorporate therein some observations by the Clerk of the House of Representatives, Hon. South Trimble, and that they may be printed in 8-point type.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. HOWARD. Mr. Speaker, first acknowledging thankfully the gracious permission of the House to speak briefly on a subject of vast importance, I shall instantly say that the chief object of my presentation at this moment shall be to remove, insofar as I may, an erroneous impression which appears to have taken hold of the average American mind. So scientific and so cunning has been the propaganda by the international bankers, who have for so long controlled the financial policies of our own Government, that until very recent days the average citizen was just a bit ashamed to let the world know that he favored the free coinage of silver, or indeed that he favored any larger use of silver as money of the realm than at present provided by law.

I want to do my part to brush away that hideous error, and I feel that I can accomplish that good end no more certainly than by the aid of one here among us who has been regarded as having more real knowledge on the subject of bimetallism in general, and silver in particular, than any other person in the world. That authority is none other than Hon. South Trimble, the Clerk of our House of Representatives. Recently this distinguished scholar has written a remarkable article under caption, "The Way to Prosperity", which, by gracious privilege of the House, I now present in words and figures as follows:

#### THE WAY TO PROSPERITY

By Hon. South Trimble, Clerk of the House of Representatives

It seems to be the universal opinion that property and commodity prices must be reflated to just and equitable values before we start on the permanent road to prosperity. In my opinion the only remedy is to either revalue gold or remonetize silver. By cutting the gold dollar in two would double the amount of gold dollars. That would have the effect of doubling the value of commodities and property. By remonetizing silver at the ratio of 16 to 1 and making it a primary or basic money, a money of redemption the same as gold, would have approximately the same effect, as it would double the amount of basic or primary dollars.

Why should we for a moment consider the revaluation of gold in order to increase the volume of our basic money when the remonetization of silver will have the same practical result? The revaluation of gold would produce chaos in the business world, as we have billions of obligations, including all of our Government bonds, payable in gold dollars of the "present standard weight and fineness."

Why not repeal the law of '73, which demonetized silver, and make our own precious metal a basic money, a money of redemption on an equality with gold? The Western Hemisphere produces 84 percent of the silver of the world. The Eastern Hemisphere produces 75 percent of the gold.